



Modimolle Local Municipality

**2013/14 Draft Medium Term Revenue and
Expenditure Framework (MTREF)**

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Part 1 – INTRODUCTION

Municipal Budgeting

Financial plans have separate budgets for operations and capital investments. This ensures that municipalities do not finance their operational expenses by obtaining loans, but rather helps them to be financially viable.

Operating Budget

This part of the budget shows how much money is spent on running the administration and delivering the day-to-day services including the maintenance of existing assets and infrastructure. It shows where this money comes from (sources of revenue). This income may be from rates and taxes, service charges and inter –governmental transfers.

Capital Budget

This part of the budget shows how much money local government is planning to invest in infrastructure or other capital assets. Municipalities have to know how much will be spent on this item each year, and where the money for this spending will come from. This part of the budget is called the **capital budget** because it is used for new physical development, or infrastructure investment.

The MFMA requires municipalities to prepare balanced budgets. This means that they have to make reasonable estimates of income and match it to anticipated expenditure.

Part 2 - ANNUAL BUDGET

1. MAYORS' REPORT

2. COUNCIL RESOLUTIONS

1. The Council of Modimolle Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) proposed:
 - 1.1. The budget of the municipality for the financial year 2013/1 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 15 on page 29;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 16 on page 31;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 17 on page 32; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 18 on page 35.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 19 on page 37;
 - 1.2.2. Budgeted Cash Flows as contained in Table 20 on page 39;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 21 on page 39;
 - 1.2.4. Asset management as contained in Table 22 on page 41; and
 - 1.2.5. Basic service delivery measurement as contained in Table 23 on page 45.
2. The Council of Modimolle Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) propose:
 - 2.1. The tariffs for electricity – as set out in Annexure A
 - 2.2. The tariffs for the supply of water – as set out in Annexure B
 - 2.3. The tariffs for the refuse removal – as set out in Annexure C
 - 2.4. The tariffs for the sanitation – as set out in Annexure D
 - 2.5. The tariffs for the property rates – as set out in Annexure E
3. The Council of Modimolle Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) propose to approve and adopts with effect from 1 July 2011 the tariffs for other services, as set out in Annexure H

4. The Council of Modimolle Local Municipality propose to approve and adopts with effect from 1 July 2013 the following:
 - 4.1. Interest at the rate of 12,65% per annum on all accounts in arrears.
 - 4.2. Defaulters will be liable to legal proceedings for the recovery of arrear amounts.
5. The Council of Modimolle Local Municipality propose to approve and adopts with effect from 1 July 2013 the following free basic services for Indigent consumers per 30-day period:
 - 5.1. 75kwh of electricity
 - 5.2. 6kl water
 - 5.3. free refuse removal
 - 5.4. sewerage
 - 5.5. property rates.

Indigent consumers will not be liable to pay for municipal services except where they exceed the free basic services provided for by Council.

3. EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Municipalities financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table Consolidated Overview of the 2013/14 MTREF

Description R thousands	Adjusted Budget 2012/13	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Total Operating Revenue	200 643	215 809	227 357	241 604
Total Operating Expenditure	242 813	256 609	268 815	283 186
<i>Surplus/(Deficit) for the year</i>	-42 170	-40 801	-41 458	-41 582
Total Capital Expenditure	61 238	59 673	57 753	22 340

Total operating revenue has grown by 7.56 percent or R15 million for the financial year when compared to the 2012/13 Adjustment Budget. For the two outer years, operational revenue will increase by 5.35 and 6.27 percent respectively, equating to a total revenue growth of R40.9 million over the MTREF when compared to the 2012/13 financial year.

Total operating expenditure for the 2013/14 financial year has been appropriated at R256.6 million and translates into a budgeted deficit of R40.8 million. When compared to the 2012/13 Adjustments Budget, operational expenditure has gone down by 5.7 percent in the 2013/14 budget and grown by 4.8 and 5.35 percent for each of the respective outer years of the MTREF.

The capital budget of R59.7 million for 2013/14 is 2.56 percent less when compared to the 2012/13 Adjustment Budget. The decrease is due to a decrease in appropriations on capital allocations. The capital programme decreases to R57,8 million in the 2014/15 financial year and then evens out in 2015/16 to R22 million. The capital budget for the financial year 2013/14 will be funded from government grants and a loan.

1. Operating Revenue Framework

The following table is a summary of the 2013/14 MTREF (classified by main revenue source):

Table Summary of revenue classified by main revenue source

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source									
Property rates	12 907	15 906	17 640	18 837	18 837	18 837	20 600	21 600	22 800
Property rates - penalties & collection charges									
Service charges - electricity revenue	44 345	53 432	64 825	63 000	62 000	62 000	71 660	77 090	84 730
Service charges - water revenue	16 802	21 859	24 167	28 500	28 500	28 500	28 600	31 500	34 400
Service charges - sanitation revenue	7 510	8 024	7 395	7 600	7 600	7 600	9 100	9 600	10 100
Service charges - refuse revenue	5 821	6 158	4 905	5 117	5 217	5 217	5 760	6 048	6 400
Service charges - other									
Rental of facilities and equipment	204	160	346	71	71	71	75	80	81
Interest earned - external investments	3 243	2 914	2 639	1 500	2 200	2 200	2 700	2 900	3 100
Interest earned - outstanding debtors	1 972	2 831	5 141	2 000	5 000	5 000	6 000	6 500	7 000
Dividends received									
Fines	144	71	72	123	123	123	102	102	102
Licences and permits									
Agency services	2 626	2 667	3 294	3 180	3 200	3 200	4 000	4 100	4 200
Transfers recognised - operational	39 107	52 188	57 236	62 293	63 672	63 672	62 686	62 726	63 286
Other revenue	2 147	4 378	2 828	2 762	4 223	4 223	4 526	5 112	5 406
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)	136 829	170 588	190 488	194 982	200 643	200 643	215 809	227 357	241 604

Table Percentage growth in revenue by main revenue source

Description R thousand	Current year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year 2014/15	%	Budget Year 2015/16	%
Revenue By Source								
Property rates	18 837	9%	20 600	10%	21 600	11%	22 800	11%
Service charges - electricity revenue	62 000	31%	71 660	36%	77 090	38%	84 730	42%
Service charges - water revenue	28 500	14%	28 600	14%	31 500	16%	34 400	17%
Service charges - sanitation revenue	7 600	4%	9 100	5%	9 600	5%	10 100	5%
Service charges - refuse revenue	5 217	3%	5 760	3%	6 048	3%	6 400	3%
Rental of facilities and equipment	71	0%	75	0%	80	0%	81	0%
Interest earned - external investments	2 200	1%	2 700	1%	2 900	1%	3 100	2%
Interest earned - outstanding debtors	5 000	2%	6 000	3%	6 500	3%	7 000	3%
Fines	123	0%	102	0%	102	0%	102	0%
Agency services	3 200	2%	4 000	2%	4 100	2%	4 200	2%
Transfers recognised - operational	63 672	32%	62 686	31%	62 726	31%	63 286	32%
Other revenue	4 223	2%	4 526	2%	5 112	3%	5 406	3%
Total Revenue (excluding capital transfers and contributions)	200 643	100%	215 809	100%	227 357	100%	241 604	100%
Total Revenue from rates and service charges	122 153	61%	135 720	63%	145 838	64%	158 430	66%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than 60% of the total revenue mix. In the 2012/13 financial year, revenue from rates and services charges totalled R122.1 million or 61 percent. This increases to R135.7 million, R145.8 million and R158.4 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 63 percent in 2013/14 to 66 percent in 2015/16. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table includes revenue foregone arising from discounts and rebates associated with the policies of the Municipality. Details in this regard are contained in Table 24 MBRR SA1 (see page 46).

Operating grants and transfers totals R63.7 million in the 2012/13 financial year and steadily decreases to R63.3 million by 2015/16. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table Operating Transfers and Grant Receipts

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	39 403	48 276	56 236	62 293	62 172	62 172	62 686	62 726	63 286
Local Government Equitable Share	35 918	44 945	50 098	56 393	56 393	56 393	57 283	58 581	59 493
Finance Management	2 750	1 948	1 795	1 500	1 485	1 485	1 550	1 600	1 650
Municipal Systems Improvement	735	604	1 093	800	800	800	890	934	967
EPWP Incentive	–	–	2 093	912	912	912	1 000	–	–
Integrated National Electrification Programme	–	–	–	684	684	684	–	–	–
Municipal Infrastructure Grant	–	779	1 158	2 004	1 898	1 898	1 963	1 611	1 176
Provincial Government:	–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant	–	–	–	–	–	–	–	–	–
District Municipality:	44	2 000	1 000	–	1 500	1 500	–	–	–
WDM	–	2 000	1 000	–	1 500	1 500	–	–	–
Mabatlane water supply	44	–	–	–	–	–	–	–	–
Other grant providers:	530	–	–	–	–	–	–	–	–
DWA	530	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	39 977	50 276	57 236	62 293	63 672	63 672	62 686	62 726	63 286

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 percent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Magalies Water bulk tariffs are beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 20 percent rebate will be granted on all residential properties (including state owned residential properties);
- 100 percent rebate will be granted to registered indigents in terms of the Indigent Policy;

- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 40 percent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to R5 700.00 per month. In this regard the following stipulations are relevant:
- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
- The property must be categorized as residential.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2013/14 financial year based on a 7 percent increase from 1 July 2013 is contained below:

Table Comparison of proposed rates to be levied for the 2012/13 financial year

Category	Current Tariff (1 July 2012)	Proposed tariff (from 1 July 2012)
	Cent	Cent
Residential properties	0.54	0.58
State owned properties	2.06	2.20
Business & Commercial	2.06	2.20
Agricultural	0.14	0.15
Vacant land - Residential	0.54	0.58
Vacant land – Business & Commercial	2.06	2.20
Industrial	2.06	2.20
Mining Property	2.06	2.20
Public benefit organisation properties	0.14	0.15

1.2 Sale of water and impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Magalies Water has increased its bulk tariffs with 14 percent from 1 July 2013.

A tariff increase of 16 percent for Modimolle/Phagameng and 16% for Vaalwater/Alma from 1 July 2013 for water is proposed. This is based on input cost assumptions of 14 percent increase in the cost of bulk water (Magalies Water), the cost of other inputs increasing by 6 percent..

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2012/13	PROPOSED TARIFFS 2013/14
	Rand per kl	Rand per kl
RESIDENTIAL:		
<u>Modimolle/Phagameng</u>		
- 0 - 20 kl per 30-day period	R9.17	R10.64
- more than 20 kl per 30-day period	R12-37	R14-35
<u>Vaalwater/Alma</u>		
- 0 – 20 kl per 30-day period	R7-00	R8-12
- more than 20 kl per 30-day period	R11-21	R13-00
BUSINESS:		
Modimolle/Phagameng	R12-83	R14-88
Vaalwater/Alma	R11-83	R13-72

CATEGORY	CURRENT TARIFFS 2012/13	PROPOSED TARIFFS 2013/14
	Rand per kl	Rand per kl
BULK:		
Modimolle/Phagameng Kokanje Retirement Village Vaalwater/Alma	R11-91 R10-69	R13-82 R12-40
- 0 - 5 kl per 30-day period	R3-58	R4-15
- 6 -10 kl per 30-day period	R5-29	R6-14
- 11 - 30 kl per 30-day period	R7-47	R8-67
- more than 30 kl per 30-day period	R8-73	R10-13
MUNICIPAL	R8-25	R9-57

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table Comparison between current water charges and increases (Domestic)

Monthly Consumption kl	Current Amount Payable R	Proposed Amount Payable R	Difference (Increase) R	Percentage Change
Modimolle/Phagameng:				
15	137.55	159.60	22.05	16%
25	245.25	284.55	39.30	16%
Vaalwater/Alma				
15	105.00	121.80	16.80	16%
25	196.05	227.40	31.35	16%

The tariff structure of the 2013/14 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate.

1.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 8 percent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2013.

Considering the Eskom increases, the domestic consumer tariff had to been decreased with the introduction of a monthly basic charged.
Registered indigents will again be granted 75 kWh per 30-day period free of charge.

The following table shows the impact of the proposed decreases in electricity tariffs on the electricity charges for domestic customers (conventional meters):

Table Comparison between current electricity charges and decreases (Domestic)

Monthly Consumption kWh	Current Amount Payable R	Proposed Amount Payable R	Difference (Increase) R	Percentage Change
50	31.50	33.50	2.00	6%
100	71.00	76.00	5.00	7%
300	229.00	246.00	17.00	7%
500	427.50	464.00	36.50	9%
700	659.50	720.00	60.50	9%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). Furthermore a basic charge will be introduced in this financial year as per a directive from NERSA. The municipality proposed a R71.78 basic charge per month.

1.4 Sanitation and Impact of Tariff Increases

A tariff increase of 8 percent for sanitation from 1 July 2013 is proposed. This tariff is based on the size of the property and the amount of sanitation connections.

The following table compares the current and proposed tariffs:

Table Comparison between current sanitation charges and increases

DESCRIPTION	CURRENT TARIFF 2012/13	PROPOSED TARIFF 2013/14
Modimolle/Phagameng		
Basic		
Size of stand:		
0 - 600 m ²	R26-67	R28-80
600 - 1 983 m ²	R53-59	R57-88
1 983 - 2 975 m ²	R70-99	R76-67
2 975 - 3 966 m ²	R88-85	R95-96
3 966 - 4 957 m ²	R106-48	R115-00
4 957 - 9 914 m ²	R124-22	R134-16
above 9 914 m ²	R2-98	R3-22
(every 992 m ²)		
Per toilet	R45-13	R48-74
Vaalwater/Alma		
Basic	As above	As above
Per toilet	R26-33	R28-44
Vacuum tank	R66-33	R71-64

1.5 Waste Removal and Impact of Tariff Increases

A 8 percent increase in the waste removal tariff is proposed from 1 July 2013.

The following table compares current and proposed amounts payable from 1 July 2013:

Table Comparison between current waste removal fees and increases

DESCRIPTION	CURRENT TARIFF 2012/13	PROPOSED TARIFF 2013/14
Residential:		
Modimolle	R68-08	R73-53
Phagameng	R68-08	R73-53
Vaalwater/Alma	R68-08	R73-53
Business:		
Modimolle/Phagameng	R203-89	R220-20
Vaalwater/Alma	R203-89	R220-20
Mini Mass(per day):		
Modimolle	R432-00	R466-56
Vaalwater/Alma	R432-00	R466-56
Bulk:	R1325-73	R1431-79

1.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table MBRR Table 14 - Household bills

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14 % incr.	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	200.93	214.63	232.90	246.60	246.60	246.60	7.0%	264.87	278.57	296.83
Electricity: Basic levy	-	-	-	65.25	65.25	65.25	10.0%	71.78	78.96	85.27
Electricity: Consumption	680.60	830.30	1 083.52	1 067.50	1 067.50	1 067.50	6.5%	1 137.00	1 239.50	1 328.00
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	201.00	247.20	284.30	307.04	307.04	307.04	16.0%	356.30	391.90	431.00
Sanitation	120.80	128.04	135.72	143.86	143.86	143.86	8.0%	155.36	167.79	181.21
Refuse removal	56.10	59.47	63.04	68.08	68.08	68.08	8.0%	73.53	79.41	84.18
Other	-	-	-	-	-	-	-	-	-	-
sub-total	1 259.43	1 479.64	1 799.48	1 898.33	1 898.33	1 898.33	8.5%	2 058.84	2 236.13	2 406.49
VAT on Services	148.19	177.10	219.32	231.24	231.24	231.24	-	251.16	274.06	295.35
Total large household bill:	1 407.62	1 656.74	2 018.80	2 129.57	2 129.57	2 129.57	8.5%	2 310.00	2 510.19	2 701.84
% increase/-decrease		17.7%	21.9%	5.5%	-	-		8.5%	8.7%	7.6%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	142.27	151.97	164.90	174.60	174.60	174.60	7.0%	187.53	197.23	210.17
Electricity: Basic levy	-	-	-	65.25	65.25	65.25	10.0%	71.78	78.96	85.27
Electricity: Consumption	338.94	413.49	453.44	442.50	442.50	442.50	4.9%	464.00	498.50	532.00
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	160.50	197.40	227.05	245.21	245.21	245.21	16.0%	284.55	312.95	344.20
Sanitation	60.29	63.91	67.74	71.80	71.80	71.80	8.0%	77.54	83.74	90.44
Refuse removal	56.10	59.47	63.04	68.08	68.08	68.08	8.0%	73.53	79.41	84.18
Other	-	-	-	-	-	-	-	-	-	-
sub-total	758.10	886.24	976.17	1 067.44	1 067.44	1 067.44	8.6%	1 158.93	1 250.79	1 346.26
VAT on Services	89.38	106.15	113.58	124.99	124.99	124.99	-	136.00	147.50	159.05
Total small household bill:	847.48	992.39	1 089.75	1 192.43	1 192.43	1 192.43	8.6%	1 294.93	1 398.29	1 505.31
% increase/-decrease		17.1%	9.8%	9.4%	-	-		8.6%	8.0%	7.7%
Monthly Account for Household - 'Indigent'										
Household receiving free basic services										
Rates and services charges:										
Property rates	-	-	-	-	-	-	-	-	-	-
Electricity: Basic levy	-	-	-	-	-	-	-	-	-	-
Electricity: Consumption	-	228.33	236.50	258.00	258.00	258.00	3.5%	267.00	282.00	297.00
Water: Basic levy	-	-	-	-	-	-	-	-	-	-
Water: Consumption	-	103.32	118.86	128.38	128.38	128.38	16.0%	148.96	163.80	180.18
Sanitation	-	63.91	67.74	71.80	71.80	71.80	8.0%	77.54	83.74	90.44
Refuse removal	-	59.47	63.04	68.08	68.08	68.08	8.0%	73.53	79.41	84.18
Other	-	-	-	-	-	-	-	-	-	-
sub-total	-	455.03	486.14	526.26	526.26	526.26	7.7%	567.03	608.95	651.80
VAT on Services	-	29.29	32.46	63.41	63.41	63.41	-	79.38	85.25	91.25
Total small household bill:	-	484.32	518.60	589.67	589.67	589.67	9.6%	646.41	694.20	743.05
% increase/-decrease		-	7.1%	13.7%	-	-		9.6%	7.4%	7.0%

2. OPERATING EXPENDITURE FRAMEWORK

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure)

Table Summary of operating expenditure by standard classification item

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Expenditure By Type									
Employee related costs	44 273	49 167	63 660	72 247	70 482	70 482	76 148	81 034	86 327
Remuneration of councillors	3 918	3 730	5 125	5 491	5 686	5 686	5 832	6 211	6 614
Debt impairment	10 902	6 304	3 931	4 000	5 000	5 000	5 000	5 000	6 000
Depreciation & asset impairment	9 349	32 200	30 379	37 519	37 519	37 519	39 346	39 069	37 517
Finance charges	1 557	1 647	2 749	3 426	3 426	3 426	3 026	3 080	3 090
Bulk purchases	38 144	45 798	65 947	62 500	62 500	62 500	71 500	77 000	84 000
Other materials	6 530	19 439	8 096	7 016	6 994	6 994	8 555	8 844	9 130
Contracted services	6 939	4 702	7 959	7 500	7 500	7 500	7 700	7 800	7 800
Transfers and grants	–	–	–	–	–	–	–	–	–
Other expenditure	30 723	31 134	30 231	40 539	43 705	43 705	39 502	40 778	42 708
Loss on disposal of PPE	254		409	–					
Total Expenditure	152 588	194 121	218 485	240 238	242 813	242 813	256 609	268 815	283 186

The budgeted allocation for employee related costs for the 2013/14 financial year totals R76 million, which equals 30 percent of the total operating expenditure. The overtime budget equals 3.4 percent of employee related costs. This is because of aging infrastructure and the expanding of services placing more pressure on our networks. The three year collective SALGBC agreement lapses on the 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25% for the 2013/14 financial year. The salary increases have been factored into this budget at a percentage increase of 7 percent for the 2013/14 financial year.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipalities budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R39.3 million for the 2013/14 financial and equates to 15.3 percent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital) and finance cost related to provisions. Finance charges make up 1.2 percent (R3 million) of operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Magalies Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

3. **OPERATING SURPLUS/DEFICIT**

The Operating budget shows a deficit of R40 800 000, as per Table A1, and was calculated as follows:

Operating Revenue	R215 809 000.00
Operating Expenditure	(R256 609 000.00)
Balance as per Table A1	(R 40 800 000.00)
Plus: Non cash Items	
Depreciation	R 39 346 000.00
Debt Impairment	R 5 000 000.00
Provision for Landfill site	R 2 500 000.00
Interest for Medical Benefits Provision	R 1 700 000.00
Operating Surplus after Non-Cash Items	R 7 746 000.00
Less: Phase in of Non-cash Items	(R 7 746 000.00)
Operating Surplus after Phase in of Non-cash Items	R 0.00

With the implementation of GRAP 17, Property, Plant and Equipment, the municipality had to provide for a larger amount for depreciation. Depreciation has to be phased into the tariff structure so that the renewal of infrastructure assets can be done.

The municipality acknowledges that the full impact of providing for depreciation can't be achieved in one financial year. To lift the burden of the community, depreciation will be phased in the tariff structure over a period.

3.4 **Capital Expenditure**

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 2012/13 Medium-term capital budget per vote

Vote Description R thousand	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year +1 2014/15	%	Budget Year +2 2015/16	%
Vote1 - Executive & Council	–	0%	–	0%	–	0%	–	0%
Vote2 - Financial Services	15	0%	–	0%	–	0%	–	0%
Vote3 - Corporate Services	8	0%	–	0%	–	0%	–	0%
Vote4 - Social Services	5 903	10%	3 000	5%	2 900	5%	3 736	17%
Vote5 - Technical Services	55 312	90%	56 673	95%	54 853	95%	18 604	83%
Total Capital Budget	61 238	100%	59 673	100%	57 753	100%	22 340	100%

For 2013/14 an amount of R56.7 million has been appropriated for the development of infrastructure which represents 95 percent of the total capital budget. In the outer years this amount totals R54.9 million and R18.6 million respectively for each of the financial years.

Total new assets represent 20.6 percent or R12.3 million of the total capital budget while asset renewal equates to 79.4 percent or R47 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 22 MBRR A9 (Asset Management) on page 41. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 76, 77 and 78).

4. ANNUAL BUDGET TABLES

The information in the following Tables A1 to A10 constitutes the Municipalities budget for the 2013/14 financial year and indicative allocations for the 2014/15 and 2015/16 financial years in terms of section 8 of the Municipal Budget and Reporting Regulations.

The Municipality does not have any entities through which it provides municipal services. Instead, services are provided internally through departments. The key departments are Technical and Social Services. In instances where internal capability is limited, services are provided through external services providers. In such instances, Service Level Agreements are entered into with the service providers. Therefore, the budget tables that follow relate to the budget of the municipality only.

Table MBRR Table A1 - Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands									
Financial Performance									
Property rates	12 907	15 906	17 640	18 837	18 837	18 837	20 600	21 600	22 800
Service charges	74 479	89 473	101 292	104 217	103 317	103 317	115 120	124 238	135 630
Investment revenue	3 243	2 914	2 639	1 500	2 200	2 200	2 700	2 900	3 100
Transfers recognised - operational	39 107	52 188	57 236	62 293	63 672	63 672	62 686	62 726	63 286
Other own revenue	7 094	10 107	11 681	8 136	12 618	12 618	14 703	15 893	16 788
Total Revenue (excluding capital transfers and contributions)	136 829	170 588	190 488	194 982	200 643	200 643	215 809	227 357	241 604
Employee costs	44 273	49 167	63 660	72 247	70 482	70 482	76 148	81 034	86 327
Remuneration of councillors	3 918	3 730	5 125	5 491	5 686	5 686	5 832	6 211	6 614
Depreciation & asset impairment	9 349	32 200	30 379	37 519	37 519	37 519	39 346	39 069	37 517
Finance charges	1 557	1 647	2 749	3 426	3 426	3 426	3 026	3 080	3 090
Materials and bulk purchases	44 674	65 238	74 043	69 516	69 494	69 494	80 055	85 844	93 130
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	48 818	42 140	42 530	52 039	56 205	56 205	52 202	53 578	56 508
Total Expenditure	152 588	194 121	218 485	240 238	242 813	242 813	256 609	268 815	283 186
Surplus/(Deficit)	(15 759)	(23 534)	(27 997)	(45 256)	(42 170)	(42 170)	(40 800)	(41 458)	(41 582)
Transfers recognised - capital	22 540	18 380	26 815	50 430	60 823	60 823	49 673	42 753	22 340
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	6 781	(5 153)	(1 182)	5 174	18 653	18 653	8 873	1 295	(19 242)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	6 781	(5 153)	(1 182)	5 174	18 653	18 653	8 873	1 295	(19 242)
Capital expenditure & funds sources									
Capital expenditure	26 563	25 518	25 563	65 433	61 238	61 238	59 673	57 753	22 340
Transfers recognised - capital	22 540	19 574	24 425	50 430	60 823	60 823	49 673	42 753	22 340
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	15 000	-	-	10 000	15 000	-
Internally generated funds	3 023	5 944	1 138	-	415	415	-	-	-
Total sources of capital funds	25 563	25 518	25 563	65 430	61 238	61 238	59 673	57 753	22 340
Financial position									
Total current assets	55 659	80 321	114 069	71 988	70 988	70 988	102 519	105 055	107 251
Total non current assets	238 980	841 853	811 314	845 233	845 233	845 233	865 951	885 026	867 053
Total current liabilities	31 848	41 556	71 724	28 782	28 782	28 782	39 129	39 306	39 437
Total non current liabilities	17 146	30 818	29 896	40 024	25 024	25 024	41 107	57 613	59 139
Community wealth/Equity	245 644	849 800	823 764	848 416	862 416	862 416	888 233	893 162	875 729
Cash flows									
Net cash from (used) operating	36 016	39 199	41 220	47 497	45 600	45 600	43 525	47 483	40 547
Net cash from (used) investing	(25 772)	(27 778)	(13 289)	(65 670)	(51 078)	(51 078)	(56 689)	(54 865)	(21 223)
Net cash from (used) financing	(611)	(617)	3 495	14 128	(872)	(872)	10 783	15 917	1 475
Cash/cash equivalents at the year end	19 009	29 813	61 239	47 540	21 149	21 150	52 619	61 154	81 953
Cash backing/surplus reconciliation									
Cash and investments available	31 589	44 652	58 389	43 734	43 734	43 734	50 763	55 786	57 981
Application of cash and investments	4 831	5 695	7 306	1 118	2 851	2 851	(1 856)	(5 369)	(23 972)
Balance - surplus (shortfall)	26 758	38 957	51 083	42 616	40 883	40 883	52 619	61 154	81 953
Asset management									
Asset register summary (WDV)	236 917	839 547	809 165	842 547	842 547	842 547	862 871	881 555	866 378
Depreciation & asset impairment	9 349	32 200	30 379	37 519	37 519	37 519	39 346	39 069	37 517
Renewal of Existing Assets	-	16 897	17 887	53 035	48 307	48 307	47 373	47 853	14 829
Repairs and Maintenance	6 529	19 439	8 096	21 525	21 504	21 504	25 759	27 166	28 643
Free services									
Cost of Free Basic Services provided	2 695	-	-	-	-	-	-	-	-
Revenue cost of free services provided	5 007	-	-	14 300	14 300	14 300	14 440	15 652	16 670
Households below minimum service level									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-
Energy:	2	2	-	-	-	-	1	-	-
Refuse:	7	7	-	7	7	7	7	7	7

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipalities budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is negative over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing recognized is reflected on the Financial Position Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue - Standard									
<i>Governance and administration</i>	42 665	54 299	58 078	57 535	61 360	61 360	65 262	67 850	70 401
Executive and council	17 937	21 940	24 378	27 367	27 617	27 617	29 181	30 967	32 383
Budget and treasury office	23 844	29 965	32 312	29 232	32 982	32 982	35 067	35 808	36 897
Corporate services	884	2 394	1 387	936	762	762	1 015	1 075	1 121
<i>Community and public safety</i>	3 081	1 661	1 826	6 890	7 962	7 962	5 044	5 062	6 030
Community and social services	2 436	457	341	2 072	3 143	3 143	204	212	2 961
Sport and recreation	18	25	8	2 785	2 786	2 786	3 014	2 915	1 016
Public safety	626	1 180	1 476	2 033	2 033	2 033	1 826	1 936	2 054
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	16 320	10 779	10 728	18 707	24 487	24 487	27 134	16 975	17 706
Planning and development	1 312	936	1 570	2 195	2 250	2 250	2 156	1 825	1 406
Road transport	15 008	9 843	9 159	16 512	22 237	22 237	24 978	15 150	16 300
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	97 304	122 228	146 671	162 281	167 657	167 657	168 042	180 223	169 808
Electricity	50 765	63 801	76 359	87 000	88 759	88 759	95 886	101 643	97 542
Water	23 060	29 060	42 670	35 728	35 703	35 703	34 877	37 921	45 923
Waste water management	16 135	21 249	18 460	31 065	34 607	34 607	28 021	32 057	17 349
Waste management	7 344	8 118	9 182	8 488	8 588	8 588	9 258	8 602	8 994
Other	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	159 369	188 968	217 303	245 412	261 466	261 466	265 482	270 110	263 944
Expenditure - Standard									
<i>Governance and administration</i>	36 483	36 319	48 866	47 905	49 807	49 807	54 021	56 444	58 818
Executive and council	21 375	19 384	22 208	20 174	21 011	21 011	20 424	21 064	22 774
Budget and treasury office	5 477	8 932	12 614	13 509	14 877	14 877	17 673	18 670	19 100
Corporate services	9 632	8 003	14 044	14 222	13 919	13 919	15 924	16 710	16 945
<i>Community and public safety</i>	14 140	18 447	21 968	25 078	24 455	24 455	26 189	27 518	27 566
Community and social services	7 253	12 957	13 777	14 353	13 777	13 777	14 660	15 243	15 898
Sport and recreation	3 715	4 376	4 094	5 403	5 365	5 365	6 216	6 629	5 660
Public safety	3 171	1 114	4 097	5 322	5 313	5 313	5 312	5 646	6 007
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	15 394	27 432	24 750	38 957	37 903	37 903	40 481	41 057	42 618
Planning and development	4 217	2 376	5 445	9 618	8 992	8 992	9 921	10 115	10 755
Road transport	11 176	25 056	19 305	29 340	28 911	28 911	30 560	30 942	31 863
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	86 571	111 923	122 902	128 298	130 648	130 648	135 919	143 795	154 184
Electricity	55 603	65 415	77 900	82 671	85 377	85 377	86 056	91 855	98 723
Water	18 728	19 331	25 931	27 793	27 598	27 598	31 204	32 387	34 714
Waste water management	5 500	6 622	7 345	8 639	8 573	8 573	8 736	9 152	9 696
Waste management	6 740	20 555	11 725	9 196	9 100	9 100	9 924	10 400	11 051
Other	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	152 588	194 121	218 485	240 238	242 813	242 813	256 609	268 815	283 186
Surplus/(Deficit) for the year	6 781	(5 153)	(1 182)	5 174	18 653	18 653	8 873	1 295	(19 242)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water and Waste management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

Table MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote									
Vote 1 - EXECUTIVE AND COUNCIL	17 937	21 940	24 378	27 367	27 617	27 617	29 181	30 967	32 383
Vote 2 - BUDGET AND TREASURY	23 844	29 965	32 312	29 232	32 982	32 982	35 067	35 808	36 897
Vote 3 - SOCIAL SERVICES	13 051	12 467	14 318	18 558	19 755	19 755	18 306	17 771	19 231
Vote 4 - CORPORATE SERVICES	629	359	1 059	900	716	716	975	1 032	1 078
Vote 5 - TECHNICAL SERVICES	103 700	124 080	144 879	169 179	180 165	180 165	181 760	184 318	174 125
Vote 6 - PLANNING AND DEVELOPMENT	207	157	357	177	232	232	193	214	230
Vote 7 -	-	-	-	-	-	-	-	-	-
Vote 8 -	-	-	-	-	-	-	-	-	-
Vote 9 -	-	-	-	-	-	-	-	-	-
Vote 10 -	-	-	-	-	-	-	-	-	-
Vote 11 -	-	-	-	-	-	-	-	-	-
Vote 12 -	-	-	-	-	-	-	-	-	-
Vote 13 -	-	-	-	-	-	-	-	-	-
Vote 14 -	-	-	-	-	-	-	-	-	-
Vote 15 -	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	159 369	188 968	217 303	245 412	261 466	261 466	265 482	270 110	263 944
Expenditure by Vote to be appropriated									
Vote 1 - EXECUTIVE AND COUNCIL	21 375	17 560	22 208	20 174	21 011	21 011	20 424	21 064	22 774
Vote 2 - BUDGET AND TREASURY	5 477	8 932	12 614	13 509	14 877	14 877	17 673	18 670	19 100
Vote 3 - SOCIAL SERVICES	23 535	44 161	36 236	37 647	36 906	36 906	39 690	41 720	42 655
Vote 4 - CORPORATE SERVICES	9 522	7 905	13 872	14 109	13 806	13 806	15 800	16 573	16 800
Vote 5 - TECHNICAL SERVICES	89 567	112 084	129 252	147 186	149 147	149 147	155 064	162 285	172 831
Vote 6 - PLANNING AND DEVELOPMENT	3 112	3 479	4 302	7 614	7 066	7 066	7 958	8 504	9 026
Vote 7 -	-	-	-	-	-	-	-	-	-
Vote 8 -	-	-	-	-	-	-	-	-	-
Vote 9 -	-	-	-	-	-	-	-	-	-
Vote 10 -	-	-	-	-	-	-	-	-	-
Vote 11 -	-	-	-	-	-	-	-	-	-
Vote 12 -	-	-	-	-	-	-	-	-	-
Vote 13 -	-	-	-	-	-	-	-	-	-
Vote 14 -	-	-	-	-	-	-	-	-	-
Vote 15 -	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	152 588	194 121	218 485	240 238	242 813	242 813	256 609	268 815	283 186
Surplus/(Deficit) for the year	6 781	(5 153)	(1 182)	5 174	18 653	18 653	8 873	1 295	(19 242)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table MBRR Table A4 - Budgeted Financial Performance

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Revenue By Source									
Property rates	12 907	15 906	17 640	18 837	18 837	18 837	20 600	21 600	22 800
Property rates - penalties & collection charges									
Service charges - electricity revenue	44 345	53 432	64 825	63 000	62 000	62 000	71 660	77 090	84 730
Service charges - water revenue	16 802	21 859	24 167	28 500	28 500	28 500	28 600	31 500	34 400
Service charges - sanitation revenue	7 510	8 024	7 395	7 600	7 600	7 600	9 100	9 600	10 100
Service charges - refuse revenue	5 821	6 158	4 905	5 117	5 217	5 217	5 760	6 048	6 400
Service charges - other									
Rental of facilities and equipment	204	160	346	71	71	71	75	80	81
Interest earned - external investments	3 243	2 914	2 639	1 500	2 200	2 200	2 700	2 900	3 100
Interest earned - outstanding debtors	1 972	2 831	5 141	2 000	5 000	5 000	6 000	6 500	7 000
Dividends received									
Fines	144	71	72	123	123	123	102	102	102
Licences and permits									
Agency services	2 626	2 667	3 294	3 180	3 200	3 200	4 000	4 100	4 200
Transfers recognised - operational	39 107	52 188	57 236	62 293	63 672	63 672	62 686	62 726	63 286
Other revenue	2 147	4 378	2 828	2 762	4 223	4 223	4 526	5 112	5 406
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)	136 829	170 588	190 488	194 982	200 643	200 643	215 809	227 357	241 604
Expenditure By Type									
Employee related costs	44 273	49 167	63 660	72 247	70 482	70 482	76 148	81 034	86 327
Remuneration of councillors	3 918	3 730	5 125	5 491	5 686	5 686	5 832	6 211	6 614
Debt impairment	10 902	6 304	3 931	4 000	5 000	5 000	5 000	5 000	6 000
Depreciation & asset impairment	9 349	32 200	30 379	37 519	37 519	37 519	39 346	39 069	37 517
Finance charges	1 557	1 647	2 749	3 426	3 426	3 426	3 026	3 080	3 090
Bulk purchases	38 144	45 798	65 947	62 500	62 500	62 500	71 500	77 000	84 000
Other materials	6 530	19 439	8 096	7 016	6 994	6 994	8 555	8 844	9 130
Contracted services	6 939	4 702	7 959	7 500	7 500	7 500	7 700	7 800	7 800
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	30 723	31 134	30 231	40 539	43 705	43 705	39 502	40 778	42 708
Loss on disposal of PPE	254		409	-					
Total Expenditure	152 588	194 121	218 485	240 238	242 813	242 813	256 609	268 815	283 186
Surplus/(Deficit)	(15 759)	(23 534)	(27 997)	(45 256)	(42 170)	(42 170)	(40 800)	(41 458)	(41 582)
Transfers recognised - capital	22 540	18 380	26 815	50 430	60 823	60 823	49 673	42 753	22 340
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets									
Surplus/(Deficit) after capital transfers & contributions	6 781	(5 153)	(1 182)	5 174	18 653	18 653	8 873	1 295	(19 242)
Taxation									
Surplus/(Deficit) after taxation	6 781	(5 153)	(1 182)	5 174	18 653	18 653	8 873	1 295	(19 242)
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	6 781	(5 153)	(1 182)	5 174	18 653	18 653	8 873	1 295	(19 242)
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	6 781	(5 153)	(1 182)	5 174	18 653	18 653	8 873	1 295	(19 242)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R215.8 million in 2013/14 and escalates to R241.6 million by 2015/16. This represents a year-on-year increase of 5.3 percent for the 2014/15 financial year and 6.3 percent for the 2015/16 financial year.
2. Revenue to be generated from property rates is R20.6 million in the 2013/14 financial year and increases to R22.8million by 2015/16 which represents 9.5 percent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R115.1 million for the 2013/14 financial year and increasing to R135.6 million by 2015/16. For the 2013/14 financial year services charges amount to 53 percent of the total revenue base and grows by 1 percent per annum over the medium-term.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing by 3 percent for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
5. The following graph illustrates the major expenditure items per type.

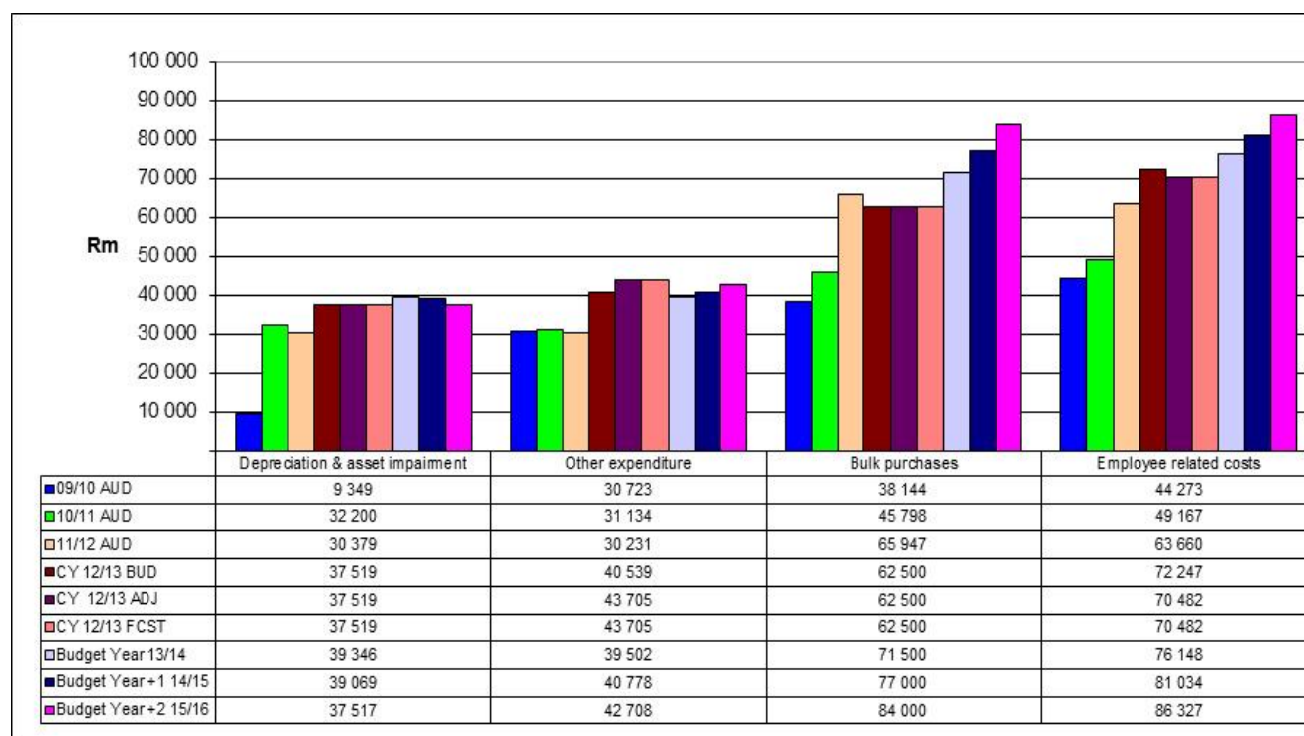


Figure Expenditure by major type

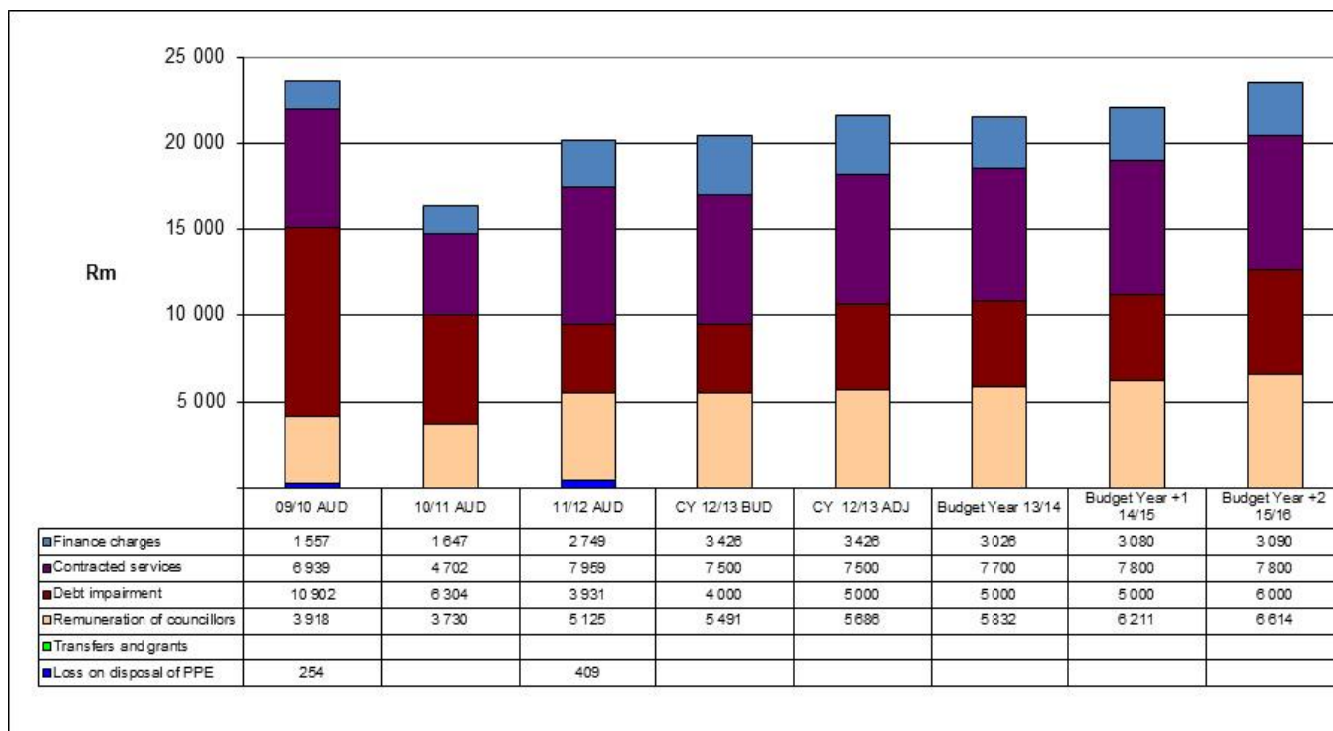


Figure Expenditure by minor type

6. Bulk purchases have significantly increased over the 2009/10 to 2015/16 period escalating from R38 million to R84 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Magalies Water.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote									
<i>Multi-year expenditure to be appropriated</i>									
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY	-	-	-	-	-	-	-	-	-
Vote 3 - SOCIAL SERVICES	-	100	148	-	1 006	1 006	-	-	-
Vote 4 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES	20 477	18 983	22 082	33 031	26 597	26 597	42 373	36 853	3 193
Vote 6 - PLANNING AND DEVELOPMENT	-	-	-	-	-	-	-	-	-
Vote 7 -	-	-	-	-	-	-	-	-	-
Vote 8 -	-	-	-	-	-	-	-	-	-
Vote 9 -	-	-	-	-	-	-	-	-	-
Vote 10 -	-	-	-	-	-	-	-	-	-
Vote 11 -	-	-	-	-	-	-	-	-	-
Vote 12 -	-	-	-	-	-	-	-	-	-
Vote 13 -	-	-	-	-	-	-	-	-	-
Vote 14 -	-	-	-	-	-	-	-	-	-
Vote 15 -	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	20 477	19 082	22 230	33 031	27 603	27 603	42 373	36 853	3 193
<i>Single-year expenditure to be appropriated</i>									
Vote 1 - EXECUTIVE AND COUNCIL	617	18	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY	349	2 130	-	-	15	15	-	-	-
Vote 3 - SOCIAL SERVICES	766	676	11	4 672	4 897	4 897	3 000	2 900	3 736
Vote 4 - CORPORATE SERVICES	51	257	-	-	8	8	-	-	-
Vote 5 - TECHNICAL SERVICES	3 304	3 354	3 322	27 727	28 715	28 715	14 300	18 000	15 411
Vote 6 - PLANNING AND DEVELOPMENT	-	-	-	-	-	-	-	-	-
Vote 7 -	-	-	-	-	-	-	-	-	-
Vote 8 -	-	-	-	-	-	-	-	-	-
Vote 9 -	-	-	-	-	-	-	-	-	-
Vote 10 -	-	-	-	-	-	-	-	-	-
Vote 11 -	-	-	-	-	-	-	-	-	-
Vote 12 -	-	-	-	-	-	-	-	-	-
Vote 13 -	-	-	-	-	-	-	-	-	-
Vote 14 -	-	-	-	-	-	-	-	-	-
Vote 15 -	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	5 087	6 436	3 333	32 399	33 635	33 635	17 300	20 900	19 147
Total Capital Expenditure - Vote	25 563	25 518	25 563	65 430	61 238	61 238	59 673	57 753	22 340
Capital Expenditure - Standard									
<i>Governance and administration</i>	1 017	2 327	-	-	23	23	-	-	-
Executive and council	617	18	-	-	-	-	-	-	-
Budget and treasury office	349	2 102	-	-	15	15	-	-	-
Corporate services	51	206	-	-	8	8	-	-	-
<i>Community and public safety</i>	639	269	159	4 672	5 903	5 903	3 000	2 900	3 736
Community and social services	639	100	148	1 900	3 016	3 016	-	-	2 736
Sport and recreation	-	86	11	2 772	2 887	2 887	3 000	2 900	1 000
Public safety	-	84	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	14 430	8 376	6 230	13 346	19 154	19 154	20 973	11 044	12 093
Planning and development	-	406	55	14	120	120	-	-	-
Road transport	14 430	7 970	6 175	13 332	19 034	19 034	20 973	11 044	12 093
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	10 478	14 547	19 174	47 415	36 158	36 158	35 700	43 809	6 511
Electricity	347	2 171	1 298	28 381	13 405	13 405	22 300	27 000	-
Water	3 644	1 663	12 320	1 000	1 180	1 180	-	-	5 000
Waste water management	6 388	10 502	5 556	18 034	21 573	21 573	13 400	16 809	1 511
Waste management	99	211	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	26 563	25 518	25 563	65 433	61 238	61 238	59 673	57 753	22 340
Funded by:									
National Government	22 540	19 574	24 414	39 430	49 823	49 823	49 673	42 753	22 340
Provincial Government	-	-	-	-	-	-	-	-	-
District Municipality	-	-	11	11 000	11 000	11 000	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	22 540	19 574	24 425	50 430	60 823	60 823	49 673	42 753	22 340
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	15 000	-	-	10 000	15 000	-
Internally generated funds	3 023	5 944	1 138	-	415	415	-	-	-
Total Capital Funding	25 563	25 518	25 563	65 430	61 238	61 238	59 673	57 753	22 340

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2013/14 R42.3 million has been allocated of the total R59.6 million capital budget, which totals 71 percent. This allocation decreases to R36.9 million in 2014/15 and R3.1 million in 2015/16.
3. Single-year capital expenditure has been appropriated at R17.3 million for the 2013/14 financial year and decreases over the MTREF at levels of R20.9 million and R19 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from grants and transfers and borrowing. For 2013/14, capital transfers totals R49.7million (83 percent) and decreases to R22 million by 2015/16 (100 percent).

Table MBRR Table A6 - Budgeted Financial Position

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
ASSETS									
Current assets									
Cash	1 984	13 343	55 499	5 500	5 500	5 500	12 000	13 000	14 000
Call investment deposits	28 142	29 604	900	36 147	36 147	36 147	36 348	39 984	43 981
Consumer debtors	18 814	27 548	39 259	22 991	21 991	21 991	36 171	33 171	29 171
Other debtors	2 415	2 260	11 899	2 250	2 250	2 250	12 500	13 500	14 500
Current portion of long-term receivables									
Inventory	4 303	7 565	6 512	5 100	5 100	5 100	5 500	5 400	5 600
Total current assets	55 659	80 321	114 069	71 988	70 988	70 988	102 519	105 055	107 251
Non current assets									
Long-term receivables	100	100	159	100	100	100	165	170	175
Investments	1 462	1 706	1 990	2 086	2 086	2 086	2 415	2 802	
Investment property									
Investment in Associate									
Property, plant and equipment	236 661	839 343	806 667	842 214	842 214	842 214	862 541	881 225	866 048
Agricultural									
Biological									
Intangible	256	204	2 497	333	333	333	330	330	330
Other non-current assets	500	500	-	500	500	500	500	500	500
Total non current assets	238 980	841 853	811 314	845 233	845 233	845 233	865 951	885 026	867 053
TOTAL ASSETS	294 638	922 174	925 384	917 221	916 221	916 221	968 470	990 081	974 305
LIABILITIES									
Current liabilities									
Bank overdraft									
Borrowing	865	612	1 353	882	882	882	1 179	1 306	1 387
Consumer deposits	2 501	2 681	2 809	2 900	2 900	2 900	2 950	3 000	3 050
Trade and other payables	28 482	38 263	67 562	25 000	25 000	25 000	35 000	35 000	35 000
Provisions									
Total current liabilities	31 848	41 556	71 724	28 782	28 782	28 782	39 129	39 306	39 437
Non current liabilities									
Borrowing	3 283	2 861	5 521	16 499	1 499	1 499	14 570	28 876	28 202
Provisions	13 863	27 958	24 375	23 525	23 525	23 525	26 537	28 737	30 937
Total non current liabilities	17 146	30 818	29 896	40 024	25 024	25 024	41 107	57 613	59 139
TOTAL LIABILITIES	48 994	72 374	101 619	68 806	53 806	53 806	80 236	96 919	98 575
NET ASSETS	245 644	849 800	823 764	848 416	862 416	862 416	888 233	893 162	875 729
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	245 161	240 004	823 281	847 933	861 933	861 933	887 750	892 679	875 246
Reserves	483	609 795	483	483	483	483	483	483	483
Minorities' interests									
TOTAL COMMUNITY WEALTH/EQUITY	245 644	849 800	823 764	848 416	862 416	862 416	888 233	893 162	875 729

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 26 is supported by an extensive table of notes (SA3 which can be found on page 46) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table MBRR Table A7 - Budgeted Cash Flows

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	104 764	105 375	113 233	123 634	122 634	122 634	141 535	152 127	164 854
Government - operating	39 933	50 703	87 295	62 293	63 700	63 700	62 686	62 726	63 286
Government - capital	28 236	19 579	–	50 430	50 523	50 523	49 673	42 753	22 340
Interest	3 243	5 745	7 780	1 500	2 200	2 200	2 700	2 900	3 100
Dividends									
Payments									
Suppliers and employees	(139 619)	(140 556)	(164 338)	(188 534)	(191 631)	(191 631)	(211 743)	(211 743)	(211 743)
Finance charges	(541)	(1 647)	(2 749)	(1 826)	(1 826)	(1 826)	(1 326)	(1 280)	(1 290)
Transfers and Grants									
NET CASH FROM/(USED) OPERATING ACTIVITIES	36 016	39 199	41 220	47 497	45 600	45 600	43 525	47 483	40 547
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	–	(2 016)	(25 241)	–	–				
Decrease (Increase) in non-current debtors									
Decrease (increase) other non-current receivables									
Decrease (increase) in non-current investments	(209)	(243)	11 952	(240)	(240)	(240)			
Payments									
Capital assets	(25 563)	(25 518)	–	(65 430)	(50 838)	(50 838)	(56 689)	(54 865)	(21 223)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(25 772)	(27 778)	(13 289)	(65 670)	(51 078)	(51 078)	(56 689)	(54 865)	(21 223)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans									
Borrowing long term/refinancing				15 000	–		10 000	15 000	
Increase (decrease) in consumer deposits	123						50	50	50
Payments									
Repayment of borrowing	(734)	(617)	3 495	(872)	(872)	(872)	733	867	1 425
NET CASH FROM/(USED) FINANCING ACTIVITIES	(611)	(617)	3 495	14 128	(872)	(872)	10 783	15 917	1 475
NET INCREASE/ (DECREASE) IN CASH HELD	9 633	10 804	31 425	(4 045)	(6 350)	(6 350)	(2 381)	8 535	20 799
Cash/cash equivalents at the year begin:	9 376	19 009	29 813	51 586	27 500	27 500	55 000	52 619	61 154
Cash/cash equivalents at the year end:	19 009	29 813	61 239	47 540	21 149	21 150	52 619	61 154	81 953

Table MBRR Table A8 - Cash Backed Reserves / Accumulated Surplus Reconciliation

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	19 009	29 813	61 239	47 540	21 149	21 150	52 619	61 154	81 953
Other current investments > 90 days	11 117	13 133	(4 840)	(5 893)	20 498	20 498	(4 271)	(8 170)	(23 972)
Non current assets - Investments	1 462	1 706	1 990	2 086	2 086	2 086	2 415	2 802	–
Cash and investments available:	31 589	44 652	58 389	43 734	43 734	43 734	50 763	55 786	57 981
Application of cash and investments									
Unspent conditional transfers	9 077	10 987	14 501	–	–	–	–	–	–
Unspent borrowing	–	–	–	–	–	–	–	–	–
Statutory requirements							9 094	3 690	(17 720)
Other working capital requirements	(4 247)	(5 293)	(7 195)	1 118	2 851	2 851	(10 950)	(9 059)	(6 252)
Other provisions									
Long term investments committed	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments									
Total Application of cash and investments:	4 831	5 695	7 306	1 118	2 851	2 851	(1 856)	(5 369)	(23 972)
Surplus(shortfall)	26 758	38 957	51 083	42 616	40 883	40 883	52 619	61 154	81 953

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2013/14 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals R52.6 million as at the end of the 2013/14 financial year and increases to R81.9 million by 2015/16.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would directly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2013/14 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
6. As can be seen the budget has been modelled to progressively move from a surplus of R40.9 million in 2012/13 to increased in surplus to R81.9 million by 2015/16.

Table MBRR Table A9 - Asset Management

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	25 563	8 621	7 676	12 395	12 931	12 931	12 300	9 900	7 511
Infrastructure - Road transport	13 964	-	6 175	-	-	-	-	-	-
Infrastructure - Electricity	280	1 323	1 286	5 381	5 381	5 381	7 300	7 000	-
Infrastructure - Water	2 644	53	-	-	-	-	-	-	5 000
Infrastructure - Sanitation	6 388	3 662	-	7 000	7 000	7 000	2 000	-	1 511
Infrastructure - Other	249	-	-	-	-	-	-	-	-
Infrastructure	23 525	5 038	7 461	12 381	12 381	12 381	9 300	7 000	6 511
Community	449	305	148	-	110	110	3 000	2 900	1 000
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	1 281	3 278	67	14	440	440	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	308	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	-	16 897	17 887	53 035	48 307	48 307	47 373	47 853	14 829
Infrastructure - Road transport	-	7 961	-	13 332	19 032	19 032	20 973	11 044	12 093
Infrastructure - Electricity	-	688	-	23 000	8 024	8 024	15 000	20 000	-
Infrastructure - Water	-	1 369	12 320	1 000	1 000	1 000	-	-	-
Infrastructure - Sanitation	-	6 780	5 556	11 031	14 573	14 573	11 400	16 809	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	16 797	17 876	48 363	42 629	42 629	47 373	47 853	12 093
Community	-	100	11	4 672	5 678	5 678	-	-	2 736
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Capital Expenditure									
Infrastructure - Road transport	13 964	7 961	6 175	13 332	19 032	19 032	20 973	11 044	12 093
Infrastructure - Electricity	280	2 011	1 286	28 381	13 405	13 405	22 300	27 000	-
Infrastructure - Water	2 644	1 422	12 320	1 000	1 000	1 000	-	-	5 000
Infrastructure - Sanitation	6 388	10 442	5 556	18 031	21 573	21 573	13 400	16 809	1 511
Infrastructure - Other	249	-	-	-	-	-	-	-	-
Infrastructure	23 525	21 835	25 338	60 744	55 010	55 010	56 673	54 853	18 604
Community	449	405	159	4 672	5 788	5 788	3 000	2 900	3 736
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	1 281	3 278	67	14	440	440	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	308	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	25 563	25 518	25 563	65 430	61 238	61 238	59 673	57 753	22 340
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	29 340	362 287	138 905	357 195	357 195	357 195	368 022	374 522	371 522
Infrastructure - Electricity	58 515	81 832	68 122	90 122	90 122	90 122	92 622	94 122	93 322
Infrastructure - Water	39 028	117 774	79 966	112 302	112 302	112 302	112 302	111 302	108 302
Infrastructure - Sanitation	34 277	102 180	75 591	114 429	114 429	114 429	119 429	128 763	124 763
Infrastructure - Other	3 119	285	19 392	273	273	273	273	273	273
Infrastructure	164 275	664 358	381 976	674 320	674 320	674 320	692 647	708 981	698 181
Community	69 048	166 528	411 991	160 962	160 962	160 962	162 962	165 462	162 685
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	3 334	8 458	12 701	6 931	6 931	6 931	6 931	6 781	5 181
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	256	204	2 497	333	333	333	330	330	330
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	236 917	839 547	809 165	842 547	842 547	842 547	862 871	881 555	866 378

EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	9 349	32 200	30 379	37 519	37 519	37 519	39 346	39 069	37 517
Repairs and Maintenance by Asset Class	6 529	19 439	8 096	21 525	21 504	21 504	25 759	27 166	28 643
Infrastructure - Road transport	997	1 363	1 602	5 155	5 325	5 325	6 760	7 168	7 600
Infrastructure - Electricity	1 480	1 145	1 256	4 714	4 614	4 614	5 702	6 002	6 306
Infrastructure - Water	2 240	1 939	2 560	6 378	6 378	6 378	7 669	8 101	8 527
Infrastructure - Sanitation	269	338	508	2 730	2 790	2 790	3 030	3 202	3 383
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	4 986	4 785	5 926	18 977	19 107	19 107	23 161	24 473	25 815
Community	140	211	261	297	167	167	313	323	326
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	1 404	14 444	1 909	2 251	2 229	2 229	2 285	2 370	2 501
TOTAL EXPENDITURE OTHER ITEMS	15 878	51 639	38 475	59 045	59 023	59 023	65 104	66 235	66 160
<i>Renewal of Existing Assets as % of total capex</i>	<i>0.0%</i>	<i>66.2%</i>	<i>70.0%</i>	<i>81.1%</i>	<i>78.9%</i>	<i>78.9%</i>	<i>79.4%</i>	<i>82.9%</i>	<i>66.4%</i>
<i>Renewal of Existing Assets as % of deprecn"</i>	<i>0.0%</i>	<i>52.5%</i>	<i>58.9%</i>	<i>141.4%</i>	<i>128.8%</i>	<i>128.8%</i>	<i>120.4%</i>	<i>122.5%</i>	<i>39.5%</i>
<i>R&M as a % of PPE</i>	<i>2.8%</i>	<i>2.3%</i>	<i>1.0%</i>	<i>2.6%</i>	<i>2.6%</i>	<i>2.6%</i>	<i>3.0%</i>	<i>3.1%</i>	<i>3.3%</i>
<i>Renewal and R&M as a % of PPE</i>	<i>3.0%</i>	<i>4.0%</i>	<i>3.0%</i>	<i>9.0%</i>	<i>8.0%</i>	<i>8.0%</i>	<i>8.0%</i>	<i>9.0%</i>	<i>5.0%</i>

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The Municipality unbundled its infrastructure assets in the 2010 and 2011 financial year. This resulted in an increase in the PPE value from R235 million to R835 million. The municipality take note of the National Treasury Circular No. 55 that Repair and Maintenance must be atleast 8% of the PPE value but this can not be done in 3 financial years.

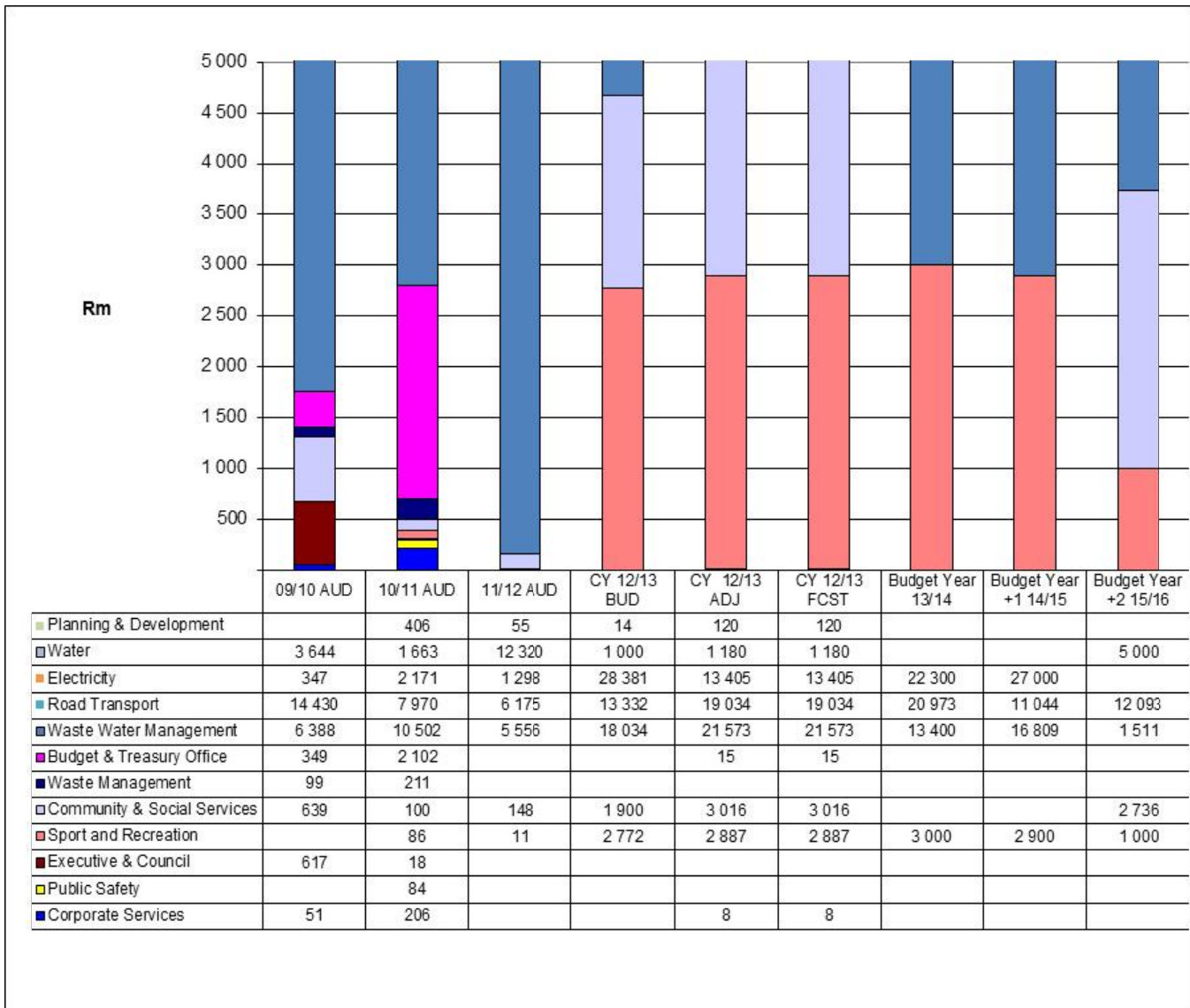


Figure Capital by standard classification

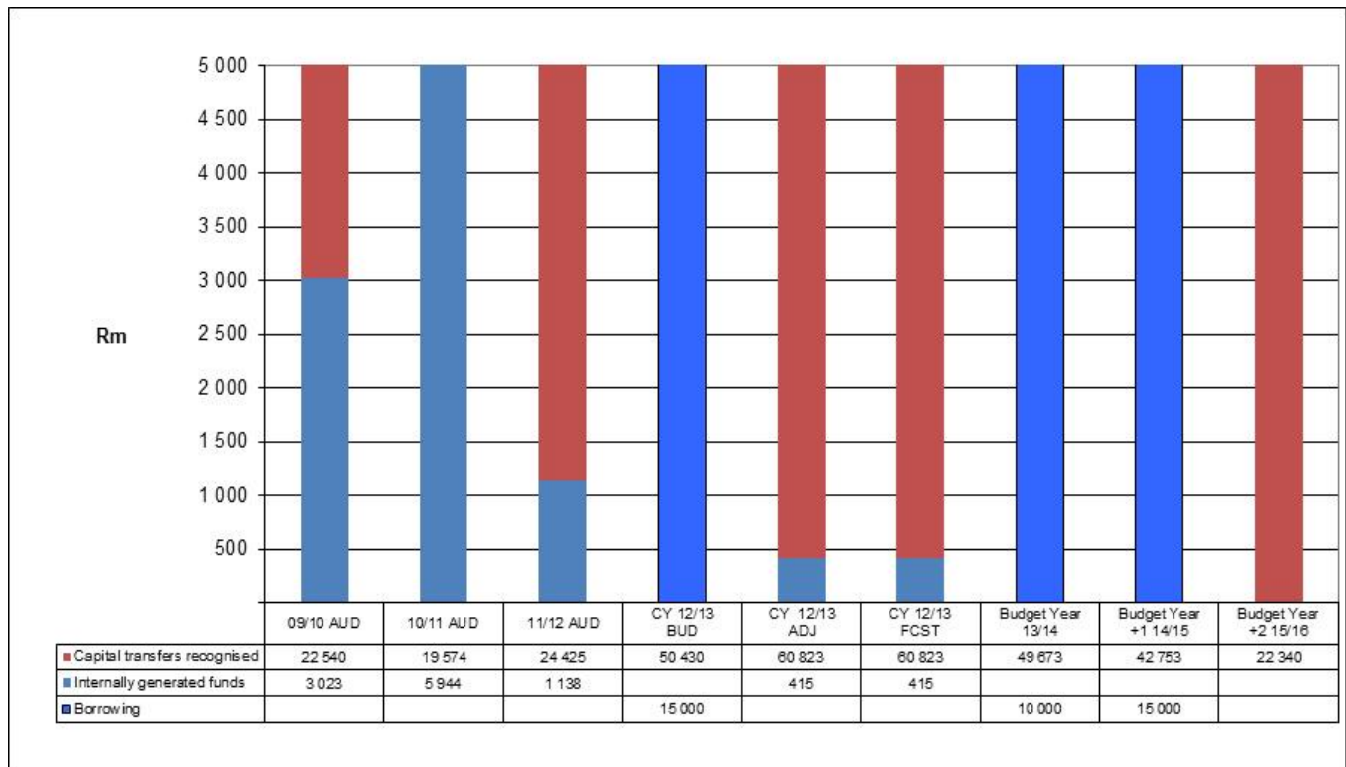


Figure Capital Funding by Source

Table MBRR Table A10 - Basic Service Delivery Measurement

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets									
Water:									
Piped water inside dwelling	7 416	7 416		7 416	7 416	7 416	8 531	9 031	9 031
Piped water inside yard (but not in dwelling)	7 831	7 831		10 351	10 351	10 351	9 692	9 692	9 692
Using public tap (at least min.service level)	1 715	1 715		1 515	1 515	1 515	1 480	980	980
Other water supply (at least min.service level)	822	822		882	882	882	800	800	800
<i>Minimum Service Level and Above sub-total</i>	17 784	17 784	–	20 164	20 164	20 164	20 503	20 503	20 503
Using public tap (< min.service level)									
Other water supply (< min.service level)									
No water supply									
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–	–
Total number of households	17 784	17 784	–	20 164	20 164	20 164	20 503	20 503	20 503
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	13 310	13 310		16 075	16 075	16 075	18 575	19 075	19 295
Flush toilet (with septic tank)	539	539		539	539	539	539	539	539
Chemical toilet	1 450	1 450		1 550	1 550	1 550	1 150	650	430
Pit toilet (ventilated)	–	–							
Other toilet provisions (> min.service level)	2 262	2 262		2 000	2 000	2 000	239	239	239
<i>Minimum Service Level and Above sub-total</i>	17 561	17 561	–	20 164	20 164	20 164	20 503	20 503	20 503
Bucket toilet									
Other toilet provisions (< min.service level)									
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–	–
Total number of households	17 561	17 561	–	20 164	20 164	20 164	20 503	20 503	20 503
Energy:									
Electricity (at least min.service level)	5 737	5 737		10 965	10 965	10 965	6 020	6 000	6 000
Electricity - prepaid (min.service level)	10 000	10 000		5 291	5 291	5 291	10 924	11 375	11 941
<i>Minimum Service Level and Above sub-total</i>	15 737	15 737	–	16 256	16 256	16 256	16 944	17 375	17 941
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources	2 047	2 047					667	–	–
<i>Below Minimum Service Level sub-total</i>	2 047	2 047	–	–	–	–	667	–	–
Total number of households	17 784	17 784	–	16 256	16 256	16 256	17 611	17 375	17 941
Refuse:									
Removed at least once a week	11 702	11 702		13 362	13 362	13 362	13 362	13 362	13 362
<i>Minimum Service Level and Above sub-total</i>	11 702	11 702	–	13 362	13 362	13 362	13 362	13 362	13 362
Removed less frequently than once a week									
Using communal refuse dump									
Using own refuse dump	6 082	6 082		6 802	6 802	6 802	6 802	6 802	6 802
Other rubbish disposal									
No rubbish disposal	591	591							
<i>Below Minimum Service Level sub-total</i>	6 673	6 673	–	6 802	6 802	6 802	6 802	6 802	6 802
Total number of households	18 375	18 375	–	20 164	20 164	20 164	20 164	20 164	20 164
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	2 982			5 000	5 000	5 000			
Sanitation (free minimum level service)	2 982			5 000	5 000	5 000			
Electricity/other energy (50kwh per household per month)	2 982			5 000	5 000	5 000			
Refuse (removed at least once a week)	2 982			5 000	5 000	5 000			
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	800								
Sanitation (free sanitation service)	665								
Electricity/other energy (50kwh per household per month)	900								
Refuse (removed once a week)	330								
Total cost of FBS provided (minimum social package)	2 695	–	–	–	–	–	–	–	–
Highest level of free service provided									
Property rates (R value threshold)									
Water (kilolitres per household per month)	6			6	6	6	6	6	6
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)	59								
Electricity (kwh per household per month)	50			75	75	75	75	75	75
Refuse (average litres per week)	85								
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)									
Property rates (other exemptions, reductions and rebates)	2 312			5 300	5 300	5 300	5 400	5 600	6 000
Water	800			1 500	1 500	1 500	1 400	1 500	1 600
Sanitation	665			1 600	1 600	1 600	1 800	2 000	2 200
Electricity/other energy	900			4 000	4 000	4 000	4 000	4 600	4 800
Refuse	330			1 900	1 900	1 900	1 840	1 952	2 070
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
Total revenue cost of free services provided (total social package)	5 007	–	–	14 300	14 300	14 300	14 440	15 652	16 670

Table MBRR Table SA 1 - Supporting detail to 'Budgeted Financial Performance'

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
REVENUE ITEMS:									
<u>Property rates</u>									
Total Property Rates	12 907	15 906	17 640	18 837	18 837	18 837	20 600	21 600	22 800
<i>less Revenue Foregone</i>									
Net Property Rates	12 907	15 906	17 640	18 837	18 837	18 837	20 600	21 600	22 800
<u>Service charges - electricity revenue</u>									
Total Service charges - electricity revenue	44 345	53 432	64 825	63 000	62 000	62 000	71 660	77 090	84 730
<i>less Revenue Foregone</i>									
Net Service charges - electricity revenue	44 345	53 432	64 825	63 000	62 000	62 000	71 660	77 090	84 730
<u>Service charges - water revenue</u>									
Total Service charges - water revenue	16 802	21 859	24 167	28 500	28 500	28 500	28 600	31 500	34 400
<i>less Revenue Foregone</i>									
Net Service charges - water revenue	16 802	21 859	24 167	28 500	28 500	28 500	28 600	31 500	34 400
<u>Service charges - sanitation revenue</u>									
Total Service charges - sanitation revenue	7 510	8 024	7 395	7 600	7 600	7 600	9 100	9 600	10 100
<i>less Revenue Foregone</i>									
Net Service charges - sanitation revenue	7 510	8 024	7 395	7 600	7 600	7 600	9 100	9 600	10 100
<u>Service charges - refuse revenue</u>									
Total refuse removal revenue	5 821	6 158	4 905	5 117	5 217	5 217	5 760	6 048	6 400
Total landfill revenue									
<i>less Revenue Foregone</i>									
Net Service charges - refuse revenue	5 821	6 158	4 905	5 117	5 217	5 217	5 760	6 048	6 400
<u>Other Revenue by source</u>									
<i>List other revenue by source</i>									
Cemetery Fees	133	149	119	110	175	175	140	145	155
Fire Brigade	485	1 114	1 405	1 913	1 913	1 913	1 726	1 836	1 954
Valuation Certificate	3	10	29	20	20	20	35	41	47
Clearance Certificate	19	35	-	-	-	-			
Building Plans	130	74	95	90	90	90	85	95	100
Sale of Erven	64	1 898	13	-	-	-			
Reconnection Fees	356	466	-	200	130	130			
Other Revenue	957	633	1 166	429	1 896	1 896	2 541	2 995	3 150
Total 'Other' Revenue	2 147	4 378	2 828	2 762	4 223	4 223	4 526	5 112	5 406
EXPENDITURE ITEMS:									
<u>Employee related costs</u>									
Basic Salaries and Wages	31 948	36 571	43 997	49 676	48 280	48 280	52 542	55 960	59 593
Pension and UIF Contributions	5 659	6 602	7 272	9 718	9 424	9 424	10 432	11 110	11 832
Medical Aid Contributions	1 273	1 575	1 826	2 602	2 593	2 593	2 527	2 691	2 866
Overtime	1 774	1 402	2 137	2 547	2 856	2 856	2 576	2 743	2 922
Performance Bonus	-	-	-	-	-	-			
Motor Vehicle Allowance	2 176	2 403	3 146	4 075	3 752	3 752	4 540	4 835	5 149
Cellphone Allowance	-	20	-	-	-	-			
Housing Allowances	177	192	200	208	252	252	146	155	165
Other benefits and allowances	486	-	1 235	1 722	1 627	1 627	1 586	1 689	1 799
Payments in lieu of leave	781	(524)	3 287	900	900	900	900	900	1 000
Long service awards	-	120	-	-	-	-			
Post-retirement benefit obligations		807	559	800	800	800	900	950	1 000
<i>sub-total</i>	44 273	49 167	63 660	72 247	70 482	70 482	76 148	81 034	86 327
<i>Less: Employees costs capitalised to PPE</i>									
Total Employee related costs	44 273	49 167	63 660	72 247	70 482	70 482	76 148	81 034	86 327

Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	9 349	32 200	30 379	37 519	37 519	37 519	39 346	39 069	37 517
Lease amortisation									
Capital asset impairment									
Depreciation resulting from revaluation of PPE									
Total Depreciation & asset impairment	9 349	32 200	30 379	37 519	37 519	37 519	39 346	39 069	37 517
Bulk purchases									
Electricity Bulk Purchases	33 652	42 047	58 166	56 000	56 000	56 000	64 000	69 000	75 000
Water Bulk Purchases	4 493	3 752	7 781	6 500	6 500	6 500	7 500	8 000	9 000
Total bulk purchases	38 144	45 798	65 947	62 500	62 500	62 500	71 500	77 000	84 000
Transfers and grants									
Cash transfers and grants	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants	-	-	-	-	-	-	-	-	-
Total transfers and grants	-	-	-	-	-	-	-	-	-
Contracted services									
Security costs	3 050	3 452	5 298	5 500	5 500	5 500	5 600	5 700	5 800
Legal Services	3 889	1 251	2 662	2 000	2 000	2 000	2 100	2 100	2 000
sub-total	6 939	4 702	7 959	7 500	7 500	7 500	7 700	7 800	7 800
Allocations to organs of state:									
Electricity									
Water									
Sanitation									
Other									
Total contracted services	6 939	4 702	7 959	7 500	7 500	7 500	7 700	7 800	7 800
Other Expenditure By Type									
Collection costs									
Contributions to 'other' provisions									
Consultant fees		1 802	3 309	2 694	2 804	2 804	4 609	4 460	4 614
Audit fees	1 314	1 563	1 762	2 250	2 250	2 250	2 460	2 665	2 770
General expenses	7 583	10 142	9 277	14 670	14 616	14 616	16 156	16 536	17 011
List Other Expenditure by Type	-	-	-	-	-	-	-	-	-
Advertising	241	404	392	523	463	463	677	660	685
Bank charges	682	583	375	630	630	630	640	650	660
Bursaries	208	240	203	300	300	300	256	300	310
Conference and delegations	98	154	92	341	227	227	381	440	485
Entertainment	47	186	139	122	187	187	187	199	212
Indigent expenditure	3 734	2 176	39	50	10	10	30	35	40
Insurance	1 671	1 763	529	1 700	1 700	1 700	800	900	1 000
Membership fees	261	293	447	500	520	520	530	562	600
Postage	-	4	1	64	64	64	70	72	72
Printing and stationery	672	653	893	849	681	681	976	1 075	1 162
Programming	588	1 045	1 066	1 080	1 300	1 300	1 590	1 650	1 710
Rental of office equipment	784	1 478	480	1 042	1 012	1 012	1 145	1 220	1 320
Subscription and publication	215	357	180	308	189	189	272	263	282
Telephone and cellphone costs	1 462	757	1 715	1 381	1 366	1 366	1 391	1 273	1 303
Training	611	59	353	381	394	394	494	492	541
Travel and subsistence	699	1 600	904	1 141	1 669	1 669	1 604	1 747	1 901
Valuation costs	46	113	1 298	350	350	350	250	300	330
Vehicle costs	1 721	1 961	2 628	4 193	4 203	4 203	4 983	5 279	5 699
Upgrade Eskom substation	8 085	3 800	4 150	5 970	8 770	8 770			
Total 'Other' Expenditure	30 723	31 134	30 231	40 539	43 705	43 705	39 502	40 778	42 708
Repairs and Maintenance									
Employee related costs				14 510	14 510	14 510	17 204	18 322	19 513
Other materials	6 530	19 439	8 096	7 016	6 994	6 994	8 555	8 844	9 130
Contracted Services									
Other Expenditure									
Total Repairs and Maintenance Expenditure	6 530	19 439	8 096	21 525	21 504	21 504	25 759	27 166	28 643

Table MBRR Table SA 2 - Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - BUDGET AND TREASURY	Vote 3 - SOCIAL SERVICES	Vote 4 - CORPORATE SERVICES	Vote 5 - TECHNICAL SERVICES	Vote 6 - PLANNING AND DEVELOPMENT	Total
R thousand							
Revenue By Source							
Property rates	20 600						20 600
Property rates - penalties & collection charges							-
Service charges - electricity revenue					71 660		71 660
Service charges - water revenue					28 600		28 600
Service charges - sanitation revenue					9 100		9 100
Service charges - refuse revenue			5 760				5 760
Service charges - other							-
Rental of facilities and equipment			41		34		75
Interest earned - external investments		2 700					2 700
Interest earned - outstanding debtors		6 000					6 000
Dividends received							-
Fines			102				102
Licences and permits							-
Agency services			4 000				4 000
Other revenue		271	1 906	85	2 265		4 526
Transfers recognised - operational	8 581	26 096	3 498	890	23 622		62 686
Gains on disposal of PPE							-
Total Revenue (excluding capital transfers and	29 181	35 067	15 306	975	135 280	-	215 809
Expenditure By Type							
Employee related costs	6 879	13 016	20 728	9 670	24 496	1 359	76 148
Remuneration of councillors	5 832	-	-	-	-		5 832
Debt impairment	5 000	-	-	-	-		5 000
Depreciation & asset impairment	2 000	474	5 730	672	30 469		39 346
Finance charges	1 700	-	-	170	1 156		3 026
Bulk purchases	-	-	-	-	71 500		71 500
Other materials	14	57	1 254	204	7 022	4	8 555
Contracted services	-		5 600	2 100	-		7 700
Transfers and grants							-
Other expenditure	1 876	4 126	6 378	2 984	23 473	667	39 502
Loss on disposal of PPE							-
Total Expenditure	23 301	17 673	39 690	15 800	158 116	2 029	256 609
Surplus/(Deficit)	5 880	17 395	(24 384)	(14 825)	(22 835)	(2 029)	(40 800)
Transfers recognised - capital			3 000		46 673		49 673
Contributions recognised - capital							-
Contributed assets							-
Surplus/(Deficit) after capital transfers & contributions	5 880	17 395	(21 384)	(14 825)	23 837	(2 029)	8 873

Table MBRR Table SA 3 - Supporting detail to 'Budgeted Financial Position'

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
ASSETS									
<u>Call investment deposits</u>									
Call deposits < 90 days	17 021	16 467	900	13 199	13 199	13 199	9 506	12 066	5 930
Other current investments > 90 days	11 121	13 137		22 948	22 948	22 948	26 842	27 919	38 050
Total Call investment deposits	28 142	29 604	900	36 147	36 147	36 147	36 348	39 984	43 981
<u>Consumer debtors</u>									
Consumer debtors	38 183	51 378	62 488	54 820	53 820	53 820	74 000	76 000	78 000
Less: Provision for debt impairment	(19 370)	(23 829)	(23 229)	(31 829)	(31 829)	(31 829)	(37 829)	(42 829)	(48 829)
Total Consumer debtors	18 814	27 548	39 259	22 991	21 991	21 991	36 171	33 171	29 171
<u>Debt impairment provision</u>									
Balance at the beginning of the year	(8 468)	(19 370)	(23 829)	(27 829)	(27 829)	(27 829)	(32 829)	(37 829)	(42 829)
Contributions to the provision	(10 902)	(6 304)	(3 931)	(4 000)	(5 000)	(5 000)	(5 000)	(5 000)	(6 000)
Bad debts written off		1 844	4 531						
Balance at end of year	(19 370)	(23 829)	(23 229)	(31 829)	(32 829)	(32 829)	(37 829)	(42 829)	(48 829)
<u>Property, plant and equipment (PPE)</u>									
PPE at cost/valuation (excl. finance leases)	257 644	935 881	932 533	976 270	976 270	976 270	1 035 943	1 093 696	1 116 036
Leases recognised as PPE	2 010	–	–	–	–	–	–	–	–
Less: Accumulated depreciation	22 993	96 537	125 865	134 057	134 057	134 057	173 402	212 471	249 988
Total Property, plant and equipment (PPE)	236 661	839 343	806 667	842 214	842 214	842 214	862 541	881 225	866 048
LIABILITIES									
<u>Current liabilities - Borrowing</u>									
Short term loans (other than bank overdraft)	713	518	442	882	882	882	367	594	775
Current portion of long-term liabilities	152	94	912				812	712	612
Total Current liabilities - Borrowing	865	612	1 353	882	882	882	1 179	1 306	1 387
<u>Trade and other payables</u>									
Trade and other creditors	19 404	21 998	37 294	25 000	25 000	25 000	35 000	35 000	35 000
Unspent conditional transfers	9 077	10 987	14 501				–	–	–
VAT	–	5 277	15 766						
Total Trade and other payables	28 482	38 263	67 562	25 000	25 000	25 000	35 000	35 000	35 000
<u>Non current liabilities - Borrowing</u>									
Borrowing	3 131	2 767	2 226	16 394	1 394	1 394	11 375	25 781	25 207
Finance leases (including PPP asset element)	152	94	3 295	105	105	105	3 195	3 095	2 995
Total Non current liabilities - Borrowing	3 283	2 861	5 521	16 499	1 499	1 499	14 570	28 876	28 202
<u>Provisions - non-current</u>									
Retirement benefits	12 323	15 205	17 900	16 500	16 500	16 500	18 900	19 900	20 900
List other major provision items									
Refuse landfill site rehabilitation		12 753	4 437	5 025	5 025	5 025	5 437	6 437	7 437
Long service awards	1 540		2 038	2 000	2 000	2 000	2 200	2 400	2 600
Total Provisions - non-current	13 863	27 958	24 375	23 525	23 525	23 525	26 537	28 737	30 937
CHANGES IN NET ASSETS									
<u>Accumulated Surplus/(Deficit)</u>									
Accumulated Surplus/(Deficit) - opening balance	238 380	245 158	824 463	842 758	843 280	843 280	878 877	891 383	894 488
GRAP adjustments									
Restated balance	238 380	245 158	824 463	842 758	843 280	843 280	878 877	891 383	894 488
Surplus/(Deficit)	6 781	(5 153)	(1 182)	5 174	18 653	18 653	8 873	1 295	(19 242)
Appropriations to Reserves									
Transfers from Reserves									
Depreciation offsets									
Other adjustments									
Accumulated Surplus/(Deficit)	245 161	240 004	823 281	847 933	861 933	861 933	887 750	892 679	875 246
<u>Reserves</u>									
Housing Development Fund	483	483	483	483	483	483	483	483	483
Capital replacement									
Self-insurance									
Other reserves									
Revaluation		609 312							
Total Reserves	483	609 795	483	483	483	483	483	483	483
TOTAL COMMUNITY WEALTH/EQUITY	245 644	849 800	823 764	848 416	862 416	862 416	888 233	893 162	875 729

Table MBRR Table SA 4 - Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Promote the welfare of the community	Healthy and good living conditions	A	5 707	14 324	14 450	18 551	18 752	18 752	15 300	14 866	15 489
Promote and encourage sustainable economic environment	Prosperous community	B	–		198						
Plan for the future	Sustainable communities	C	207	157	159	177	232	232	193	214	230
Improve financial viability	Financial sustainability	D	23 844	29 965	32 312	29 212	32 982	32 982	35 067	35 808	36 897
Resource management of infrastructure and service	Increased accessibility of basic services	E	111 044	122 223	144 748	169 186	181 168	181 168	184 766	187 223	177 868
Improve administrative and governance capacity	Good governance capacity	F	18 491	22 199	25 225	28 187	28 232	28 232	30 086	31 919	33 371
Attract, develop and retain human capital	Improved employee satisfaction and increased productivity	G	76	100	213	100	100	100	70	80	90
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			159 369	188 968	217 304	245 412	261 466	261 466	265 482	270 110	263 944

Table MBRR Table SA 5 - Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Promote the welfare of the community	Healthy and good living conditions	A	16 795	32 804	24 185	27 247	26 533	26 533	29 330	31 066	31 641
Promote and encourage sustainable economic environment	Prosperous community	B	1 418	1 824	2 136	2 689	2 671	2 671	2 877	3 020	3 210
Plan for the future	Sustainable communities	C	1 695	1 669	1 908	3 812	3 281	3 281	3 909	4 269	4 462
Improve financial viability	Financial sustainability	D	5 477	8 932	12 614	13 509	14 877	14 877	17 673	18 670	19 100
Resource management of infrastructure and service	Increased accessibility of basic services	E	96 307	123 626	141 303	157 586	159 520	159 520	165 424	172 939	183 845
improve administrative and governance capacity	Good governance capacity	F	30 109	24 419	34 695	32 789	33 404	33 404	34 323	35 503	37 337
Attract, develop and retain human capital	Improved employee satisfaction and increased productivity	G	788	847	1 644	2 607	2 527	2 527	3 073	3 349	3 592
Allocations to other priorities											
Total Expenditure			152 588	194 121	218 485	240 238	242 813	242 813	256 609	268 815	283 186

Table MBRR Table SA 6 - Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Promote the welfare of the community	Healthy and good living conditions	A		480	159	4 672	5 903	5 903	3 000	2 900	3 736
Promote and encourage sustainable economic environment	Prosperous community	B									
Plan for the future	Sustainable communities	C									
Improve financial viability	Financial sustainability	D	40	2 130			15	15			
Resource management of infrastructure and service	Increased accessibility of basic services	E	24 855	22 633	25 404	60 758	55 312	55 312	56 673	54 853	18 604
improve administrative and governance capacity	Good governance capacity	F	668	272			8	8			
Attract, develop and retain human capital	Improved employee satisfaction and increased productivity	G	–	4							
Allocations to other priorities											
Total Capital Expenditure			25 563	25 518	25 563	65 430	61 238	61 238	59 673	57 753	22 340

Table MBRR Table SA 8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.5%	1.2%	-0.3%	1.8%	1.8%	1.8%	0.9%	0.8%	0.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.3%	1.9%	-0.6%	3.2%	3.1%	3.1%	1.5%	1.3%	0.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%	100.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	679.4%	0.5%	1142.4%	3415.9%	310.3%	310.3%	3016.7%	5978.5%	5838.8%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	1.7	1.9	1.6	2.5	2.5	2.5	2.6	2.7	2.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.7	1.9	1.6	2.5	2.5	2.5	2.6	2.7	2.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	1.0	0.8	1.4	1.4	1.4	1.2	1.3	1.5
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		110.9%	91.2%	86.7%	94.2%	91.0%	0.0%	94.1%	94.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			110.9%	91.2%	86.7%	94.2%	91.0%	0.0%	94.1%	94.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	15.6%	17.5%	26.9%	13.0%	12.1%	12.1%	22.6%	20.6%	18.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))									
Creditors to Cash and Investments		102.1%	73.8%	60.9%	52.6%	118.2%	118.2%	66.5%	57.2%	42.7%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)									
	Total Cost of Losses (Rand '000)									
Water Distribution Losses (2)	Total Volume Losses (kℓ)									
	Total Cost of Losses (Rand '000)									
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.4%	28.8%	33.4%	37.1%	35.1%	35.1%	35.3%	35.6%	35.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	35.2%	31.0%	35.7%	39.9%	38.0%	38.0%	38.0%	38.4%	38.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.8%	11.4%	4.3%	11.0%	10.7%	10.7%	11.9%	11.9%	11.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.0%	19.8%	17.4%	21.0%	20.4%	20.4%	19.6%	18.5%	16.8%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	15.4	27.6	56.2	43.2	43.2	43.2	75.3	98.3	106.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	24.2%	28.2%	42.9%	20.5%	19.8%	19.8%	35.8%	32.0%	27.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.9	2.7	4.4	3.3	1.5	1.5	3.3	3.7	4.6

Table MBRR Table SA 9 - Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		Population is decreasing	44	73	53	55	54					
Females aged 5 - 14			5	7	5	4	4					
Males aged 5 - 14			5	4	5	6	6					
Females aged 15 - 34			7	4	10	10	10					
Males aged 15 - 34			8	14	10	11	11					
Unemployment												
Monthly household income (no. of households)	1, 12	Based on Population Growth	618	3 236	454	487	482					
No income												
R1 - R1 600												
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13	Income under R1 500	13 998	18 020	9 590	9920.00	9820.00					
Insert description	2											
Household/demographics (000)												
Number of people in municipal area			50 227	72 810	52 602	55	55	54	53	53	53	53
Number of poor people in municipal area			13 998	18 020	9 590	10	10	10	10	10	10	10
Number of households in municipal area			12 091	20 965	15 826	17	17	17	16	16	16	16
Number of poor households in municipal area			6 163	3 050	450	0	0	0	0	0	0	0
Definition of poor household (R per month)												
Housing statistics												
Formal	3		7 046	10 081	9 441		5 137					
Informal			4 216	7 327	4 193		4 227					
Total number of households			11 262	17 408	13 634	-	9 364	-	-	-	-	-
Dwellings provided by municipality	4		12 091									
Dwellings provided by province/s						984	1 700	300				
Dwellings provided by private sector	5					408	232					
Total new housing dwellings			12 091	-	-	1 392	1 932	300	-	-	-	-
Economic												
Inflation/inflation outlook (CPIX)	6					9.9%	6.7%	5.7%		5.5%	5.1%	4.9%
Interest rate - borrowing												
Interest rate - investment							13.0%	8.0%		7.0%	6.5%	6.5%
Remuneration increases										4.0%	3.0%	3.0%
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges								90.0%				
Rental of facilities & equipment								90.0%				
Interest - external investments								100.0%		100.0%	100.0%	100.0%
Interest - debtors								90.0%				
Revenue from agency services								100.0%		100.0%	100.0%	100.0%

Table MBRR Table SA 10 - Funding measurement

Description	MFMA section	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	19 009	29 813	61 239	47 540	21 149	21 150	52 619	61 154	81 953
Cash + investments at the yr end less applications - R'000	18(1)b	26 758	38 957	51 083	42 616	40 883	40 883	52 619	61 154	81 953
Cash year end/monthly employee/supplier pay ments	18(1)b	1.9	2.7	4.4	3.3	1.5	1.5	3.3	3.7	4.6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	6 781	(5 153)	(1 182)	5 174	18 653	18 653	8 873	1 295	(19 242)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	14.6%	6.9%	(2.5%)	(6.7%)	(6.0%)	5.1%	1.5%	2.6%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	110.9%	91.2%	86.7%	94.2%	91.0%	91.0%	94.1%	94.1%	94.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	12.4%	6.0%	3.3%	3.2%	4.1%	4.1%	3.7%	3.4%	3.8%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	0.0%	100.0%	83.0%	83.0%	95.0%	95.0%	95.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%	100.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a							0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	40.4%	71.6%	(50.7%)	(4.0%)	0.0%	100.8%	(4.1%)	(6.4%)
Long term receivables % change - incr(decr)	18(1)a	N.A.	0.0%	58.7%	(37.0%)	0.0%	0.0%	64.6%	3.0%	2.9%
R&M % of Property Plant & Equipment	20(1)(vi)	2.8%	2.3%	1.0%	2.6%	2.6%	2.6%	3.0%	3.1%	3.3%
Asset renewal % of capital budget	20(1)(vi)	0.0%	66.2%	70.0%	81.1%	78.9%	78.9%	79.4%	82.9%	66.4%

Table MBRR Table SA11 - Property rates summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Valuation:									
Date of valuation:	2008/07/01	2008/07/01							
Financial year valuation used	2008/07/01	2008/07/01		2008/07/01					
Municipal by-law s 6 in place? (Y/N)	No	No		No					
Municipal/assistant valuer appointed? (Y/N)	Yes	Yes	Yes	Yes					
Municipal partnership s38 used? (Y/N)	No	No		No					
No. of assistant valuers (FTE)									
No. of data collectors (FTE)	4	4		4					
No. of internal valuers (FTE)									
No. of external valuers (FTE)	1	1		1					
No. of additional valuers (FTE)									
Valuation appeal board established? (Y/N)	Yes	Yes		Yes					
Implementation time of new valuation roll (mths)	48	48		48					
No. of properties									
No. of sectional title values									
No. of unreasonably difficult properties s7(2)									
No. of supplementary valuations	264	264							
No. of valuation roll amendments									
No. of objections by rate payers	11	11							
No. of appeals by rate payers									
No. of successful objections	2	2							
No. of successful objections > 10%									
Supplementary valuation									
Public service infrastructure value (Rm)									
Municipality owned property value (Rm)									
Valuation reductions:									
Valuation reductions-public infrastructure (Rm)									
Valuation reductions-nature reserves/park (Rm)									
Valuation reductions-mineral rights (Rm)									
Valuation reductions-R15,000 threshold (Rm)									
Valuation reductions-public worship (Rm)									
Valuation reductions-other (Rm)									
Total valuation reductions:	-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)									
Total land value (Rm)									
Total value of improvements (Rm)									
Total market value (Rm)									
Rating:									
Residential rate used to determine rate for other categories? (Y/N)									
Differential rates used? (Y/N)									
Limit on annual rate increase (s20)? (Y/N)									
Special rating area used? (Y/N)									
Phasing-in properties s21 (number)									
Rates policy accompanying budget? (Y/N)									
Fixed amount minimum value (R'000)									
Non-residential prescribed ratio s19? (%)									
Rate revenue:									
Rate revenue budget (R '000)	12 907			25 861					
Rate revenue expected to collect (R'000)	11 618			23 275					
Expected cash collection rate (%)									
Special rating areas (R'000)									
Rebates, exemptions - indigent (R'000)									
Rebates, exemptions - pensioners (R'000)									
Rebates, exemptions - bona fide farm. (R'000)									
Rebates, exemptions - other (R'000)									
Phase-in reductions/discounts (R'000)									
Total rebates,exemptns,eductns,discs (R'000)	-	-	-	-	-	-	-	-	-

Table MBRR Table SA12 - Property Rates by Category

Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Current Year 2012/13																
Valuation:																
No. of properties																
No. of sectional title property values																
No. of unreasonably difficult properties s7(2)																
No. of supplementary valuations																
Supplementary valuation (Rm)																
No. of valuation roll amendments																
No. of objections by rate-payers																
No. of appeals by rate-payers																
No. of appeals by rate-payers finalised																
No. of successful objections																
No. of successful objections > 10%																
Estimated no. of properties not valued																
Years since last valuation (select)																
Frequency of valuation (select)																
Method of valuation used (select)																
Base of valuation (select)																
Phasing-in properties s21 (number)																
Combination of rating types used? (Y/N)																
Flat rate used? (Y/N)																
Is balance rated by uniform rate/variable rate?																
Valuation reductions:																
Valuation reductions-public infrastructure (Rm)																
Valuation reductions-nature reserves/park (Rm)																
Valuation reductions-mineral rights (Rm)																
Valuation reductions-R15,000 threshold (Rm)																
Valuation reductions-public worship (Rm)																
Valuation reductions-other (Rm)																
Total valuation reductions:																
Total value used for rating (Rm)																
Total land value (Rm)																
Total value of improvements (Rm)																
Total market value (Rm)																
Rating:																
Average rate																
Rate revenue budget (R'000)																
Rate revenue expected to collect (R'000)																
Expected cash collection rate (%)																
Special rating areas (R'000)																
Rebates, exemptions - indigent (R'000)																
Rebates, exemptions - pensioners (R'000)																
Rebates, exemptions - bona fide farm. (R'000)																
Rebates, exemptions - other (R'000)																
Phase-in reductions/discounts (R'000)																
Total rebates,exemptns,eductns,discs (R'000)																

Table MBRR Table SA 13 – Service Tariffs by category

Description	Provide description of tariff structure where appropriate	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
						Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Property rates <i>(rate in the Rand)</i>								
Residential properties		0.0044	0.0047	0.0051	0.0054	0.0058	0.0061	0.0065
Residential properties - vacant land								
Formal/informal settlements								
Small holdings								
Farm properties - used		0.0015	0.0012	0.0013	0.0014	0.0015	0.0015	0.0016
Farm properties - not used								
Industrial properties								
Business and commercial properties		0.0176	0.0187	0.0194	0.0206	0.0220	0.0234	0.0250
Communal land - residential								
Communal land - small holdings								
Communal land - farm property								
Communal land - business and commercial								
Communal land - other								
State-owned properties		0.0015	0.0012	0.0194	0.0206	0.0220	0.0234	0.0250
Municipal properties								
Public service infrastructure								
Privately owned towns serviced by the State trust land								
Restitution and redistribution properties								
Protected areas								
National monuments properties								
Exemptions, reductions and rebates <i>(Rands)</i>								
<i>Residential properties</i>								
R15 000 threshold rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate								
Indigent rebate or exemption								
Pensioners/social grants rebate or exemption								
Temporary relief rebate or exemption								
Bona fide farmers rebate or exemption								
<i>Other rebates or exemptions</i>								
Water tariffs								
<i>Domestic</i>								
Basic charge/ fixed fee <i>(Rands/month)</i>								
Service point - vacant land <i>(Rands/month)</i>								
Water usage - flat rate tariff <i>(c/kl)</i>								
Water usage - life line tariff	(describe structure)							
Water usage - Block 1 (c/kl)	0 - 20 kl	6.00	7.38	8.49	9.17	10.64	11.70	12.87
Water usage - Block 2 (c/kl)	>20 kl	8.10	9.96	11.45	12.37	14.35	15.79	17.36
Water usage - Block 3 (c/kl)	(fill in thresholds)							
Water usage - Block 4 (c/kl)	(fill in thresholds)							
<i>Other</i>								
Waste water tariffs								
<i>Domestic</i>								
Basic charge/ fixed fee <i>(Rands/month)</i>								
Service point - vacant land <i>(Rands/month)</i>								
Waste water - flat rate tariff <i>(c/kl)</i>								
Volumetric charge - Block 1 (c/kl)	0 - 600 square metre	22.40	23.74	25.16	26.67	28.80	31.10	33.59
Volumetric charge - Block 2 (c/kl)	600 - 1983 square metre	45.00	47.70	50.56	53.59	57.88	62.51	67.51
Volumetric charge - Block 3 (c/kl)	1983 - 2975 square metre	59.60	63.18	66.97	70.99	76.67	82.80	89.43
Volumetric charge - Block 4 (c/kl)	2975 - 3966 square metre	74.60	79.08	83.82	88.85	95.96	103.64	111.93
<i>Other</i>								
					45.13	48.74	52.64	56.85

Electricity tariffs								
Domestic								
Basic charge/fix ed fee (Rands/month)					65.25	71.78	78.96	85.27
Service point - vacant land (Rands/month)								
FBE	(how is this targeted?)							
Life-line tariff - meter	(describe structure)							
Life-line tariff - prepaid	(describe structure)							
Flat rate tariff - meter (c/kwh)								
Flat rate tariff - prepaid(c/kwh)								
Meter - IBT Block 1 (c/kwh)	0 - 50kwh	0.6806	0.8303	0.8303	0.63	0.67	0.70	0.74
Meter - IBT Block 2 (c/kwh)	51 - 350kwh	0.6806	0.8303	0.8600	0.79	0.85	0.90	0.95
Meter - IBT Block 3 (c/kwh)	351 - 600kwh	0.6806	0.8303	1.0400	1.0600	1.17	1.29	1.40
Meter - IBT Block 4 (c/kwh)	> 601kwh	0.6806	0.8303	1.3100	1.26	1.39	1.53	1.64
Meter - IBT Block 5 (c/kwh)	(fill in thresholds)							
Prepaid - IBT Block 1 (c/kwh)	0 - 50kwh	0.6806	0.8303	0.8303	0.6500	0.69	0.73	0.77
Prepaid - IBT Block 2 (c/kwh)	51 - 350kwh	0.6806	0.8303	0.8600	0.8300	0.89	0.94	0.99
Prepaid - IBT Block 3 (c/kwh)	351 - 600kwh	0.6806	0.8303	1.0400	1.0600	1.17	1.29	1.10
Prepaid - IBT Block 4 (c/kwh)	> 601kwh	0.6806	0.8303	1.3100	1.2600	1.39	1.53	1.64
Prepaid - IBT Block 5 (c/kwh)	(fill in thresholds)							
Other								
Waste management tariffs								
Domestic								
Street cleaning charge								
Basic charge/fix ed fee								
80l bin - once a week		56.10	59.47	63.04	68.08	73.53	79.41	84.18
250l bin - once a week								

Description	Provide description of tariff structure where appropriate	2009/10	2010/11	2011/12	Current Year 2012/13	2013/14 Medium Term Revenue & Expenditure Framework		
						Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Waste water tariffs								
Per Toilet					45.13	48.74	52.64	56.85

Table MBRR Table SA 15 - Investment particulars by type

Investment type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Parent municipality									
Securities - National Government	4	4	4	4	4	4	4	4	4
Listed Corporate Bonds				-					
Deposits - Bank	28 142	29 604	900	36 147	36 147	36 147	36 344	39 980	43 977
Deposits - Public Investment Commissioners				-					
Deposits - Corporation for Public Deposits				-					
Bankers Acceptance Certificates				-					
Negotiable Certificates of Deposit - Banks				-					
Guaranteed Endowment Policies (sinking)	1 458	1 702	1 986	2 082	2 082	2 082	2 415	2 802	-
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	29 605	31 309	2 890	38 234	38 234	38 234	38 763	42 786	43 981
Entities									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	29 605	31 309	2 890	38 234	38 234	38 234	38 763	42 786	43 981

Table MBRR Table SA16 - Investment particulars by maturity

Investments by Maturity	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	Yrs/Months								Rand thousand	
Parent municipality										
NTK		Shares	yes						4	
RMB		Sinking Fund	yes	Fixed	16.05%	0		19/10/2015	2 415	333
ABSA - 405 963 6391		Call Account	yes	Variable	4.50%	0			64	
FNB - 710 5722 0470		Fixed Deposit	yes	Variable	5.15%	0			900	47
FNB - 620 3596 2720		Call Account	yes	Variable	2.20%	0			239	15
FNB - 621 0442 5295		Call Account	yes	Variable	1.25%	0			29	
Standard Bank - 0388 3585 1003		32 Days	yes	Variable	4.50%	0			1 082	250
ABSA - 925 502 6252		Call Account	yes	Variable	4.50%	0			3 342	267
ABSA - 207 252 0123		Fixed Deposit	yes	Variable	5.10%	0		14/03/2013	30 688	1 788
Municipality sub-total									38 763	2 700
Entities										
Entities sub-total									-	-
TOTAL INVESTMENTS AND INTEREST									38 763	2 700

Table MBRR Table SA 17 – Borrowing

Borrowing - Categorised by type R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality									
Long-Term Loans (annuity/reducing balance)	3 131	2 767	2 226	16 394	1 394	1 394	11 375	25 781	25 207
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases	152	94	3 295	105	105	105	3 195	3 095	2 995
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	3 283	2 861	5 521	16 499	1 499	1 499	14 570	28 876	28 202
Entities									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Entities sub-total	-	-	-	-	-	-	-	-	-
Total Borrowing	3 283	2 861	5 521	16 499	1 499	1 499	14 570	28 876	28 202

Table MBRR Table SA 18 - Transfers and grant receipts

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
RECEIPTS:									
Operating Transfers and Grants									
National Government:	39 403	48 276	56 236	62 293	62 172	62 172	62 686	62 726	63 286
Local Government Equitable Share	35 918	44 945	50 098	56 393	56 393	56 393	57 283	58 581	59 493
Finance Management	2 750	1 948	1 795	1 500	1 485	1 485	1 550	1 600	1 650
Municipal Systems Improvement	735	604	1 093	800	800	800	890	934	967
EPWP Incentive	-	-	2 093	912	912	912	1 000	-	-
Integrated National Electrification Programme	-	-	-	684	684	684	-	-	-
Municipal Infrastructure Grant	-	779	1 158	2 004	1 898	1 898	1 963	1 611	1 176
Provincial Government:	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant									
District Municipality:	44	2 000	1 000	-	1 500	1 500	-	-	-
WDM		2 000	1 000	-	1 500	1 500	-	-	-
Mabatlane water supply	44						-	-	-
Other grant providers:	530	-	-	-	-	-	-	-	-
DWA	530								
Total Operating Transfers and Grants	39 977	50 276	57 236	62 293	63 672	63 672	62 686	62 726	63 286
Capital Transfers and Grants									
National Government:	28 236	22 199	26 815	50 430	50 523	50 523	49 673	42 753	22 340
Municipal Infrastructure Grant (MIG)	28 236	21 003	26 815	39 430	39 508	39 508	37 373	30 753	22 340
Integrated National Electrification Programme				3 000	3 000	3 000	7 300	7 000	
Electricity Demand Side Management				8 000	8 000	8 000	5 000	5 000	
Department of Mineral & Energy									
Municipal Systems Improvement		146							
Finance Management		1 051			15	15			
Provincial Government:	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]									
District Municipality:	-	-	-	-	-	-	-	-	-
WDM									
Other grant providers:	-	-	-	-	-	-	-	-	-
DWA									
Total Capital Transfers and Grants	28 236	22 199	26 815	50 430	50 523	50 523	49 673	42 753	22 340
TOTAL RECEIPTS OF TRANSFERS & GRANTS	68 213	72 476	84 051	112 723	114 195	114 195	112 359	105 479	85 626

Table MBRR Table SA 19 - Expenditure on transfers and grant programme

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	38 533	49 093	56 236	62 293	62 172	62 172	62 686	62 726	63 286
Local Government Equitable Share	35 918	44 945	50 098	56 393	56 393	56 393	57 283	58 581	59 493
Finance Management	1 972	2 863	1 795	1 500	1 485	1 485	1 550	1 600	1 650
Municipal Systems Improvement	642	506	1 093	800	800	800	890	934	967
EPWP Incentive			2 093	912	912	912	1 000	-	-
Integrated National Electrification Programme				684	684	684	-	-	-
Municipal Infrastructure Grant		779	1 158	2 004	1 898	1 898	1 963	1 611	1 176
Provincial Government:	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant									
District Municipality:	44	2 000	1 000	-	1 500	1 500	-	-	-
WDM		2 000	1 000		1 500	1 500			
Mabatlane water supply	44								
Other grant providers:	530	-	-	-	-	-	-	-	-
DWA	530								
Total operating expenditure of Transfers and Grants	39 107	51 093	57 236	62 293	63 672	63 672	62 686	62 726	63 286
Capital expenditure of Transfers and Grants									
National Government:	22 540	19 475	26 815	50 430	60 823	60 823	49 673	42 753	22 340
Municipal Infrastructure Grant (MIG)	22 540	18 380	26 815	50 430	49 808	49 808	37 373	30 753	22 340
Integrated National Electrification Programme					3 000	3 000	7 300	7 000	
Electricity Demand Side Management					8 000	8 000	5 000	5 000	
Department of Mineral & Energy									
Municipal Systems Improvement		146							
Finance Management		949			15	15			
Provincial Government:	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]									
District Municipality:	-	-	-	-	-	-	-	-	-
WDM									
Other grant providers:	-	-	-	-	-	-	-	-	-
DWA									
Total capital expenditure of Transfers and Grants	22 540	19 475	26 815	50 430	60 823	60 823	49 673	42 753	22 340
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	61 647	70 568	84 051	112 723	124 495	124 495	112 359	105 479	85 626

Table MBRR Table SA 20 - Reconciliation of transfers, grant receipts and unspent funds

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	691	1 561							
Current year receipts	39 403	49 475	56 236	62 293	62 172	62 172	62 686	62 726	63 286
Conditions met - transferred to revenue	38 533	50 188	56 236	62 293	62 172	62 172	62 686	62 726	63 286
Conditions still to be met - transferred to liabilities	1 561	848							
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts	44	2 000	1 000		1 500	1 500			
Conditions met - transferred to revenue	44	2 000	1 000	-	1 500	1 500	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year	1 823	1 823							
Current year receipts	530								
Conditions met - transferred to revenue	530	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities	1 823	1 823							
Total operating transfers and grants revenue	39 107	52 188	57 236	62 293	63 672	63 672	62 686	62 726	63 286
Total operating transfers and grants - CTBM	3 383	2 671	-	-	-	-	-	-	-
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year		5 696			10 272	10 272			
Current year receipts	28 236	22 195	26 815	50 430	50 551	50 551	49 673	42 753	22 340
Conditions met - transferred to revenue	22 540	19 574	26 815	50 430	60 823	60 823	49 673	42 753	22 340
Conditions still to be met - transferred to liabilities	5 696	8 317							
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	22 540	19 574	26 815	50 430	60 823	60 823	49 673	42 753	22 340
Total capital transfers and grants - CTBM	5 696	8 317	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	61 647	71 762	84 051	112 723	124 495	124 495	112 359	105 479	85 626
TOTAL TRANSFERS AND GRANTS - CTBM	9 079	10 987	-	-	-	-	-	-	-

Table MBRR Table SA21 - Transfers and grants made by the municipality

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Cash Transfers to other municipalities</u> <i>Insert description</i>									
Total Cash Transfers To Municipalities:	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Entities/Other External Mechanisms</u> <i>Insert description</i>									
Total Cash Transfers To Entities/Ems'	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to other Organs of State</u> <i>Insert description</i>									
Total Cash Transfers To Other Organs Of State:	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Organisations</u> <i>Insert description</i>									
Total Cash Transfers To Organisations	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Groups of Individuals</u> <i>Insert description</i>									
Total Cash Transfers To Groups Of Individuals:	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to other municipalities</u> <i>Insert description</i>									
Total Non-Cash Transfers To Municipalities:	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to Entities/Other External Mechanisms</u> <i>Insert description</i>									
Total Non-Cash Transfers To Entities/Ems'	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to other Organs of State</u> <i>Insert description</i>									
Total Non-Cash Transfers To Other Organs Of State:	-	-	-	-	-	-	-	-	-
<u>Non-Cash Grants to Organisations</u> <i>Insert description</i>									
Total Non-Cash Grants To Organisations	-	-	-	-	-	-	-	-	-
<u>Groups of Individuals</u> <i>Insert description</i>									
Total Non-Cash Grants To Groups Of Individuals:	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	-	-	-	-	-	-	-	-	-

Table MBRR Table SA 22 - Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	2 410	2 257	3 075	3 309	3 479	3 479	3 610	3 845	4 094
Pension and UIF Contributions	341	371	447	496	521	521	545	581	619
Medical Aid Contributions	91	94	123	117	117	117			
Motor Vehicle Allowance	893	811	1 214	1 307	1 307	1 307	1 356	1 444	1 538
Cellphone Allowance	183	197	242	262	262	262	268	286	304
Housing Allowances			-						
Other benefits and allowances			24				52	56	59
Sub Total - Councillors	3 918	3 730	5 125	5 491	5 686	5 686	5 832	6 211	6 614
% increase		(4.8%)	37.4%	7.2%	3.6%	-	2.6%	6.5%	6.5%
Senior Managers of the Municipality									
Basic Salaries and Wages	1 009	1 494	2 413	2 938	2 084	2 084	3 445	3 668	3 907
Pension and UIF Contributions	203	431	242	627	451	451	761	811	863
Medical Aid Contributions	48	-	56	133	83	83	133	141	150
Overtime		-	-	-	1	1			
Performance Bonus		-	-	-	-	-			
Motor Vehicle Allowance	423	768	489	892	540	540	1 020	1 086	1 157
Cellphone Allowance		20	-	-	-	-			
Housing Allowances		-	-	-	6	6			
Other benefits and allowances	170	-	38	77	51	51	45	48	51
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Municipality	1 853	2 713	3 238	4 667	3 217	3 217	5 404	5 755	6 129
% increase		46.4%	19.4%	44.1%	(31.1%)	-	68.0%	6.5%	6.5%
Other Municipal Staff									
Basic Salaries and Wages	30 939	33 910	41 585	46 738	46 195	46 195	49 097	52 291	55 686
Pension and UIF Contributions	4 705	6 676	7 030	9 091	8 972	8 972	9 671	10 300	10 969
Medical Aid Contributions	1 224	1 575	1 769	2 469	2 510	2 510	2 394	2 550	2 716
Overtime	1 774	1 642	2 134	2 547	2 855	2 855	2 576	2 743	2 922
Performance Bonus		-	-	-	-	-			
Motor Vehicle Allowance	1 753	2 403	2 657	3 184	3 211	3 211	3 520	3 748	3 992
Cellphone Allowance	226	-	-	-	-	-			
Housing Allowances	177	192	200	208	246	246	146	155	165
Other benefits and allowances	1 621	461	1 201	1 644	1 575	1 575	1 541	1 641	1 748
Payments in lieu of leave		(524)	3 287	900	900	900	900	900	1 000
Long service awards		120	-	-	-	-			
Post-retirement benefit obligations			(206)	800	800	800	900	950	1 000
Sub Total - Other Municipal Staff	42 420	46 455	59 657	67 580	67 265	67 265	70 745	75 279	80 198
% increase		9.5%	28.4%	13.3%	(0.5%)	-	5.2%	6.4%	6.5%
Total Parent Municipality	48 191	52 897	68 019	77 738	76 168	76 168	81 980	87 244	92 941
		9.8%	28.6%	14.3%	(2.0%)	-	7.6%	6.4%	6.5%
TOTAL SALARY, ALLOWANCES & BENEFITS	48 191	52 897	68 019	77 738	76 168	76 168	81 980	87 244	92 941
% increase		9.8%	28.6%	14.3%	(2.0%)	-	7.6%	6.4%	6.5%
TOTAL MANAGERS AND STAFF	44 273	49 168	62 895	72 247	70 482	70 482	76 148	81 034	86 327

Table MBRR Table SA 23 - Salaries, allowances & benefits (political office bearers/ councilors/senior managers

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
<u>Councillors</u>							
Speaker	1	357 017	53 552	163 070			573 639
Chief Whip	1	337 861	50 205	154 240			542 306
Executive Mayor	1	450 481	50 205	198 561			699 247
Deputy Executive Mayor							-
Executive Committee	2	521 948	101 942	221 186			845 076
Total for all other councillors	13	1 942 562	289 519	939 229			3 171 310
Total Councillors	18	3 609 869	545 424	1 676 286			5 831 579
<u>Senior Managers of the Municipality</u>							
Municipal Manager (MM)	1	733 591	158 879	266 773	-		1 159 243
Chief Finance Officer	1	677 161	197 407	110 913	-		985 481
Manager: Cooperate Services	1	515 875	151 154	173 660	-		840 689
Manager: Technincal Services	1	479 336	128 549	170 997	-		778 882
Manager: Social and Community Services	1	519 281	128 948	171 396	-		819 625
Manager: Planning and Economic Development	1	519 281	128 948	171 396	-		819 625
<i>List of each offical with packages >= senior manager</i>							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
Total Senior Managers of the Municipality	6	3 444 524	893 885	1 065 135	-		5 403 544
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	24	7 054 393	1 439 310	2 741 421	-		11 235 123

Table MBRR Table SA 24 - Summary of personnel numbers

Summary of Personnel Numbers Number	2011/12			Current Year 2012/13			Budget Year 2013/14		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	18	3	15	18	3	15	18	3	15
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	6	–	3	6	–	6	6	–	6
Other Managers	16	13	1	16	13	1	16	13	2
Professionals	–	–	–	–	–	–	–	–	–
<i>Finance</i>									
<i>Spatial/town planning</i>									
<i>Information Technology</i>									
<i>Roads</i>									
<i>Electricity</i>									
<i>Water</i>									
<i>Sanitation</i>									
<i>Refuse</i>									
<i>Other</i>									
Technicians	37	37	–	40	38	–	39	38	2
<i>Finance</i>	5	5	–	5	5	–	5	5	–
<i>Spatial/town planning</i>							–	–	–
<i>Information Technology</i>	1	1	–	1	1	–	1	1	–
<i>Roads</i>	3	3	–	3	3	–	3	3	–
<i>Electricity</i>	7	7	–	8	8	–	8	8	–
<i>Water</i>	5	5	–	6	5	–	5	5	–
<i>Sanitation</i>	2	2	–	2	2	–	2	2	–
<i>Refuse</i>									
<i>Other</i>	14	14	–	15	14	–	15	14	2
Clerks (Clerical and administrative)	63	63	6	65	63	6	65	63	6
Service and sales workers									
Skilled agricultural and fishery workers	1	1	–	1	1	–	1	1	–
Craft and related trades									
Plant and Machine Operators	50	50	–	50	50	–	50	50	–
Elementary Occupations	156	152	32	156	152	–	156	152	–
TOTAL PERSONNEL NUMBERS	347	319	57	352	320	28	351	320	31
% Increase				1.4%	0.3%	(50.9%)	(0.3%)	–	10.7%
Total municipal employees headcount	264			264					
Finance personnel headcount	29	29		29	29				
Human Resources personnel headcount	5	5		5	5				

Table MBRR Table SA25 - Budgeted monthly revenue and expenditure

Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source															
Property rates	1 648	1 648	1 648	1 648	1 854	1 854	1 854	1 854	1 648	1 648	1 648	1 648	20 600	21 600	22 800
Property rates - penalties & collection charges													-	-	-
Service charges - electricity revenue	5 733	5 733	5 733	5 733	6 449	6 449	6 449	6 449	5 733	5 733	5 733	5 733	71 660	77 090	84 730
Service charges - water revenue	2 288	2 288	2 288	2 288	2 574	2 574	2 574	2 574	2 288	2 288	2 288	2 288	28 600	31 500	34 400
Service charges - sanitation revenue	728	728	728	728	819	819	819	819	728	728	728	728	9 100	9 600	10 100
Service charges - refuse revenue	461	461	461	461	518	518	518	518	461	461	461	461	5 760	6 048	6 400
Service charges - other													-	-	-
Rental of facilities and equipment	6	6	6	6	7	7	7	7	6	6	6	6	75	80	81
Interest earned - external investments	216	216	216	216	243	243	243	243	216	216	216	216	2 700	2 900	3 100
Interest earned - outstanding debtors	480	480	480	480	540	540	540	540	480	480	480	480	6 000	6 500	7 000
Dividends received													-	-	-
Fines	8	8	8	8	9	9	9	9	8	8	8	8	102	102	102
Licences and permits													-	-	-
Agency services	320	320	320	320	360	360	360	360	320	320	320	320	4 000	4 100	4 200
Transfers recognised - operational	5 015	5 015	5 015	5 015	5 642	5 642	5 642	5 642	5 015	5 015	5 015	5 015	62 686	62 726	63 286
Other revenue	362	362	362	362	407	407	407	407	362	362	362	362	4 526	5 112	5 406
Gains on disposal of PPE													-	-	-
Total Revenue (excluding capital transfers and	17 265	17 265	17 265	17 265	19 423	19 423	19 423	19 423	17 265	17 265	17 265	17 265	215 809	227 357	241 604
Expenditure By Type															
Employee related costs	4 569	6 092	6 092	6 092	6 853	6 853	6 853	6 853	6 092	6 092	6 092	7 615	76 148	81 034	86 327
Remuneration of councillors	350	467	467	467	525	525	525	525	467	467	467	583	5 832	6 211	6 614
Debt impairment	300	400	400	400	450	450	450	450	400	400	400	500	5 000	5 000	6 000
Depreciation & asset impairment	2 361	3 148	3 148	3 148	3 541	3 541	3 541	3 541	3 148	3 148	3 148	3 935	39 346	39 069	37 517
Finance charges	182	242	242	242	272	272	272	272	242	242	242	303	3 026	3 080	3 090
Bulk purchases	4 290	5 720	5 720	5 720	6 435	6 435	6 435	6 435	5 720	5 720	5 720	7 150	71 500	77 000	84 000
Other materials	513	684	684	684	770	770	770	770	684	684	684	856	8 555	8 844	9 130
Contracted services	462	616	616	616	693	693	693	693	616	616	616	770	7 700	7 800	7 800
Transfers and grants													-	-	-
Other expenditure	2 220	2 960	2 960	2 960	3 330	3 330	3 330	3 330	2 960	2 960	2 960	6 200	39 502	40 778	42 708
Loss on disposal of PPE													-	-	-
Total Expenditure	15 247	20 329	20 329	20 329	22 870	22 870	22 870	22 870	20 329	20 329	20 329	27 911	256 609	268 815	283 186
Surplus/(Deficit)	2 018	(3 064)	(3 064)	(3 064)	(3 447)	(3 447)	(3 447)	(3 447)	(3 064)	(3 064)	(3 064)	(10 646)	(40 800)	(41 458)	(41 582)
Transfers recognised - capital	3 974	3 974	3 974	3 974	4 471	4 471	4 471	4 471	3 974	3 974	3 974	3 974	49 673	42 753	22 340
Contributions recognised - capital													-	-	-
Contributed assets													-	-	-
Surplus/(Deficit) after capital transfers & contributions	5 992	910	910	910	1 024	1 024	1 024	1 024	910	910	910	(6 672)	8 873	1 295	(19 242)
Taxation													-	-	-
Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate													-	-	-
Surplus/(Deficit)	5 992	910	910	910	1 024	1 024	1 024	1 024	910	910	910	(6 672)	8 873	1 295	(19 242)

Table MBRR Table SA 26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand															
Revenue by Vote															
Vote 1 - EXECUTIVE AND COUNCIL	2 334	2 334	2 334	2 334	2 626	2 626	2 626	2 626	2 334	2 334	2 334	2 334	29 181	30 967	32 383
Vote 2 - BUDGET AND TREASURY	2 805	2 805	2 805	2 805	3 156	3 156	3 156	3 156	2 805	2 805	2 805	2 805	35 067	35 808	36 897
Vote 3 - SOCIAL SERVICES	1 464	1 464	1 464	1 464	1 648	1 648	1 648	1 648	1 464	1 464	1 464	1 464	18 306	17 771	19 231
Vote 4 - CORPORATE SERVICES	78	78	78	78	88	88	88	88	78	78	78	78	975	1 032	1 078
Vote 5 - TECHNICAL SERVICES	14 541	14 541	14 541	14 541	16 358	16 358	16 358	16 358	14 541	14 541	14 541	14 541	181 760	184 318	174 125
Vote 6 - PLANNING AND DEVELOPMENT	15	15	15	15	17	17	17	17	15	15	15	15	193	214	230
Vote 7 -													-	-	-
Vote 8 -													-	-	-
Vote 9 -													-	-	-
Vote 10 -													-	-	-
Vote 11 -													-	-	-
Vote 12 -													-	-	-
Vote 13 -													-	-	-
Vote 14 -													-	-	-
Vote 15 -													-	-	-
Total Revenue by Vote	21 239	21 239	21 239	21 239	23 893	23 893	23 893	23 893	21 239	21 239	21 239	21 239	265 482	270 110	263 944
Expenditure by Vote to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL	1 225	1 634	1 634	1 634	1 838	1 838	1 838	1 838	1 634	1 634	1 634	2 042	20 424	21 064	22 774
Vote 2 - BUDGET AND TREASURY	1 060	1 414	1 414	1 414	1 591	1 591	1 591	1 591	1 414	1 414	1 414	1 767	17 673	18 670	19 100
Vote 3 - SOCIAL SERVICES	2 381	3 175	3 175	3 175	3 572	3 572	3 572	3 572	3 175	3 175	3 175	3 969	39 690	41 720	42 655
Vote 4 - CORPORATE SERVICES	948	1 264	1 264	1 264	1 422	1 422	1 422	1 422	1 264	1 264	1 264	1 580	15 800	16 573	16 800
Vote 5 - TECHNICAL SERVICES	9 304	12 405	12 405	12 405	13 956	13 956	13 956	13 956	12 405	12 405	12 405	15 506	155 064	162 285	172 831
Vote 6 - PLANNING AND DEVELOPMENT	477	637	637	637	716	716	716	716	637	637	637	796	7 958	8 504	9 026
Vote 7 -													-	-	-
Vote 8 -													-	-	-
Vote 9 -													-	-	-
Vote 10 -													-	-	-
Vote 11 -													-	-	-
Vote 12 -													-	-	-
Vote 13 -													-	-	-
Vote 14 -													-	-	-
Vote 15 -													-	-	-
Total Expenditure by Vote	15 397	20 529	20 529	20 529	23 095	23 095	23 095	23 095	20 529	20 529	20 529	25 661	256 609	268 815	283 186
Surplus/(Deficit) before assoc.	5 842	710	710	710	799	799	799	799	710	710	710	(4 422)	8 873	1 295	(19 242)
Taxation													-	-	-
Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate													-	-	-
Surplus/(Deficit)	5 842	710	710	710	799	799	799	799	710	710	710	(4 422)	8 873	1 295	(19 242)

Table MBRR Table SA 27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand															
Revenue - Standard															
<i>Governance and administration</i>	5 221	5 221	5 221	5 221	5 874	5 874	5 874	5 874	5 221	5 221	5 221	5 221	65 262	67 850	70 401
Executive and council	2 334	2 334	2 334	2 334	2 626	2 626	2 626	2 626	2 334	2 334	2 334	2 334	29 181	30 967	32 383
Budget and treasury office	2 805	2 805	2 805	2 805	3 156	3 156	3 156	3 156	2 805	2 805	2 805	2 805	35 067	35 808	36 897
Corporate services	81	81	81	81	91	91	91	91	81	81	81	81	1 015	1 075	1 121
<i>Community and public safety</i>	403	403	403	403	454	454	454	454	403	403	403	403	5 044	5 062	6 030
Community and social services	16	16	16	16	18	18	18	18	16	16	16	16	204	212	2 961
Sport and recreation	241	241	241	241	271	271	271	271	241	241	241	241	3 014	2 915	1 016
Public safety	146	146	146	146	164	164	164	164	146	146	146	146	1 826	1 936	2 054
Housing													-	-	-
Health													-	-	-
<i>Economic and environmental services</i>	2 171	2 171	2 171	2 171	2 442	2 442	2 442	2 442	2 171	2 171	2 171	2 171	27 134	16 975	17 706
Planning and development	172	172	172	172	194	194	194	194	172	172	172	172	2 156	1 825	1 406
Road transport	1 998	1 998	1 998	1 998	2 248	2 248	2 248	2 248	1 998	1 998	1 998	1 998	24 978	15 150	16 300
Environmental protection													-	-	-
<i>Trading services</i>	13 443	13 443	13 443	13 443	15 124	15 124	15 124	15 124	13 443	13 443	13 443	13 443	168 042	180 223	169 808
Electricity	7 671	7 671	7 671	7 671	8 630	8 630	8 630	8 630	7 671	7 671	7 671	7 671	95 886	101 643	97 542
Water	2 790	2 790	2 790	2 790	3 139	3 139	3 139	3 139	2 790	2 790	2 790	2 790	34 877	37 921	45 923
Waste water management	2 242	2 242	2 242	2 242	2 522	2 522	2 522	2 522	2 242	2 242	2 242	2 242	28 021	32 057	17 349
Waste management	741	741	741	741	833	833	833	833	741	741	741	741	9 258	8 602	8 994
<i>Other</i>													-	-	-
Total Revenue - Standard	21 239	21 239	21 239	21 239	23 893	23 893	23 893	23 893	21 239	21 239	21 239	21 239	265 482	270 110	263 944
Expenditure - Standard															
<i>Governance and administration</i>	3 241	4 322	4 322	4 322	4 862	4 862	4 862	4 862	4 322	4 322	4 322	5 402	54 021	56 444	58 818
Executive and council	1 225	1 634	1 634	1 634	1 838	1 838	1 838	1 838	1 634	1 634	1 634	2 042	20 424	21 064	22 774
Budget and treasury office	1 060	1 414	1 414	1 414	1 591	1 591	1 591	1 591	1 414	1 414	1 414	1 767	17 673	18 670	19 100
Corporate services	955	1 274	1 274	1 274	1 433	1 433	1 433	1 433	1 274	1 274	1 274	1 592	15 924	16 710	16 945
<i>Community and public safety</i>	1 571	2 095	2 095	2 095	2 357	2 357	2 357	2 357	2 095	2 095	2 095	2 619	26 189	27 518	27 566
Community and social services	880	1 173	1 173	1 173	1 319	1 319	1 319	1 319	1 173	1 173	1 173	1 466	14 660	15 243	15 898
Sport and recreation	373	497	497	497	559	559	559	559	497	497	497	622	6 216	6 629	5 660
Public safety	319	425	425	425	478	478	478	478	425	425	425	531	5 312	5 646	6 007
Housing													-	-	-
Health													-	-	-
<i>Economic and environmental services</i>	2 429	3 238	3 238	3 238	3 643	3 643	3 643	3 643	3 238	3 238	3 238	4 048	40 481	41 057	42 618
Planning and development	595	794	794	794	893	893	893	893	794	794	794	992	9 921	10 115	10 755
Road transport	1 834	2 445	2 445	2 445	2 750	2 750	2 750	2 750	2 445	2 445	2 445	3 056	30 560	30 942	31 863
Environmental protection													-	-	-
<i>Trading services</i>	8 155	10 873	10 873	10 873	12 233	12 233	12 233	12 233	8 155	8 155	8 155	13 592	135 919	143 795	154 184
Electricity	5 163	6 884	6 884	6 884	7 745	7 745	7 745	7 745	6 884	6 884	6 884	8 606	86 056	91 855	98 723
Water	1 872	2 496	2 496	2 496	2 808	2 808	2 808	2 808	2 496	2 496	2 496	3 120	31 204	32 387	34 714
Waste water management	524	699	699	699	786	786	786	786	699	699	699	874	8 736	9 152	9 696
Waste management	595	794	794	794	893	893	893	893	794	794	794	992	9 924	10 400	11 051
<i>Other</i>													-	-	-
Total Expenditure - Standard	15 397	20 529	20 529	20 529	23 095	23 095	23 095	23 095	20 529	20 529	20 529	25 661	256 609	268 815	283 186
Surplus/(Deficit) before assoc.	5 842	710	710	710	799	799	799	799	710	710	710	(4 422)	8 873	1 295	(19 242)
Share of surplus/ (deficit) of associate													-	-	-
Surplus/(Deficit)	5 842	710	710	710	799	799	799	799	710	710	710	(4 422)	8 873	1 295	(19 242)

Table MBRR Table SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Multi-year expenditure to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL												-	-	-	-
Vote 2 - BUDGET AND TREASURY												-	-	-	-
Vote 3 - SOCIAL SERVICES												-	-	-	-
Vote 4 - CORPORATE SERVICES												-	-	-	-
Vote 5 - TECHNICAL SERVICES	3 390	3 390	3 390	3 390	3 814	3 814	3 814	3 814	3 390	3 390	3 390	3 390	42 373	36 853	3 193
Vote 6 - PLANNING AND DEVELOPMENT												-	-	-	-
Capital multi-year expenditure sub-total	3 390	3 390	3 390	3 390	3 814	3 814	3 814	3 814	3 390	3 390	3 390	3 390	42 373	36 853	3 193
Single-year expenditure to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL												-	-	-	-
Vote 2 - BUDGET AND TREASURY												-	-	-	-
Vote 3 - SOCIAL SERVICES	240	240	240	240	270	270	270	270	240	240	240	240	3 000	2 900	3 736
Vote 4 - CORPORATE SERVICES												-	-	-	-
Vote 5 - TECHNICAL SERVICES	1 144	1 144	1 144	1 144	1 287	1 287	1 287	1 287	1 144	1 144	1 144	1 144	14 300	18 000	15 411
Vote 6 - PLANNING AND DEVELOPMENT												-	-	-	-
Capital single-year expenditure sub-total	1 384	1 384	1 384	1 384	1 557	1 557	1 557	1 557	1 384	1 384	1 384	1 384	17 300	20 900	19 147
Total Capital Expenditure	4 774	4 774	4 774	4 774	5 371	5 371	5 371	5 371	4 774	4 774	4 774	4 774	59 673	57 753	22 340

Table MBRR Table SA 29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital Expenditure - Standard															
<i>Governance and administration</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council													-	-	-
Budget and treasury office													-	-	-
Corporate services													-	-	-
<i>Community and public safety</i>	240	240	240	240	270	270	270	270	240	240	240	240	3 000	2 900	3 736
Community and social services													-	-	2 736
Sport and recreation	240	240	240	240	270	270	270	270	240	240	240	240	3 000	2 900	1 000
Public safety													-	-	-
Housing													-	-	-
Health													-	-	-
<i>Economic and environmental services</i>	1 678	1 678	1 678	1 678	1 888	1 888	1 888	1 888	1 678	1 678	1 678	1 678	20 973	11 044	12 093
Planning and development													-	-	-
Road transport	1 678	1 678	1 678	1 678	1 888	1 888	1 888	1 888	1 678	1 678	1 678	1 678	20 973	11 044	12 093
Environmental protection													-	-	-
<i>Trading services</i>	2 856	2 856	2 856	2 856	3 213	3 213	3 213	3 213	2 856	2 856	2 856	2 856	35 700	43 809	6 511
Electricity	1 784	1 784	1 784	1 784	2 007	2 007	2 007	2 007	1 784	1 784	1 784	1 784	22 300	27 000	-
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5 000
Waste water management	1 072	1 072	1 072	1 072	1 206	1 206	1 206	1 206	1 072	1 072	1 072	1 072	13 400	16 809	1 511
Waste management													-	-	-
<i>Other</i>													-	-	-
Total Capital Expenditure - Standard	4 774	4 774	4 774	4 774	5 371	5 371	5 371	5 371	4 774	4 774	4 774	4 774	59 673	57 753	22 340

Table MBRR Table SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash Receipts By Source													1		
Property rates	1 648	1 648	1 648	1 648	1 854	1 854	1 854	1 854	1 648	1 648	1 648	1 648	20 600	21 600	22 800
Property rates - penalties & collection charges													—	—	—
Service charges - electricity revenue	5 733	5 733	5 733	5 733	6 449	6 449	6 449	6 449	5 733	5 733	5 733	5 733	71 660	77 090	84 730
Service charges - water revenue	2 288	2 288	2 288	2 288	2 574	2 574	2 574	2 574	2 288	2 288	2 288	2 288	28 600	31 500	34 400
Service charges - sanitation revenue	728	728	728	728	819	819	819	819	728	728	728	728	9 100	9 600	10 100
Service charges - refuse revenue	461	461	461	461	518	518	518	518	461	461	461	461	5 760	6 048	6 400
Service charges - other													—	—	—
Rental of facilities and equipment	6	6	6	6	7	7	7	7	6	6	6	6	75	80	81
Interest earned - external investments	216	216	216	216	243	243	243	243	216	216	216	216	2 700	2 900	3 100
Interest earned - outstanding debtors	480	480	480	480	540	540	540	540	480	480	480	480	6 000	6 500	7 000
Dividends received													—	—	—
Fines	8	8	8	8	9	9	9	9	8	8	8	8	102	102	102
Licences and permits													—	—	—
Agency services	320	320	320	320	360	360	360	360	320	320	320	320	4 000	4 100	4 200
Transfer receipts - operational	5 015	5 015	5 015	5 015	5 642	5 642	5 642	5 642	5 015	5 015	5 015	5 015	62 686	62 726	63 286
Other revenue	362	362	362	362	407	407	407	407	362	362	362	362	4 526	5 112	5 406
Cash Receipts by Source	17 265	17 265	17 265	17 265	19 423	19 423	19 423	19 423	17 265	17 265	17 265	17 265	215 809	227 357	241 604
Other Cash Flows by Source															
Transfer receipts - capital	3 974	3 974	3 974	3 974	4 471	4 471	4 471	4 471	3 974	3 974	3 974	3 974	49 673	42 753	22 340
Contributions recognised - capital & Contributed assets													—	—	—
Total Cash Receipts by Source	21 239	21 239	21 239	21 239	23 893	23 893	23 893	23 893	21 239	21 239	21 239	21 239	265 482	270 110	263 944
Cash Payments by Type															
Employee related costs	4 569	6 092	6 092	6 092	6 853	6 853	6 853	6 853	6 092	6 092	6 092	7 615	76 148	81 034	86 327
Remuneration of councillors	350	467	467	467	525	525	525	525	467	467	467	583	5 832	6 211	6 614
Finance charges	182	242	242	242	272	272	272	272	242	242	242	303	3 026	3 080	3 090
Bulk purchases - Electricity	3 840	5 120	5 120	5 120	5 760	5 760	5 760	5 760	5 120	5 120	5 120	6 400	64 000	69 000	75 000
Bulk purchases - Water & Sewer	450	600	600	600	675	675	675	675	600	600	600	750	7 500	8 000	9 000
Other materials	513	684	684	684	770	770	770	770	684	684	684	856	8 555	8 844	9 130
Contracted services	462	616	616	616	693	693	693	693	616	616	616	770	7 700	7 800	7 800
Transfers and grants - other municipalities													—	—	—
Transfers and grants - other													—	—	—
Other expenditure	2 220	2 960	2 960	2 960	3 330	3 330	3 330	3 330	2 960	2 960	2 960	6 200	39 502	40 778	42 708
Cash Payments by Type	12 586	16 781	16 781	16 781	18 879	18 879	18 879	18 879	16 781	16 781	16 781	23 476	212 263	224 746	239 669
Other Cash Flows/Payments by Type															
Capital assets	4 774	4 774	4 774	4 774	5 371	5 371	5 371	5 371	4 774	4 774	4 774	4 774	59 673	57 753	22 340
Repayment of borrowing													—	—	—
Other Cash Flows/Payments													—	—	—
Total Cash Payments by Type	17 360	21 555	21 555	21 555	24 249	24 249	24 249	24 249	21 555	21 555	21 555	28 250	271 936	282 499	262 009
NET INCREASE/(DECREASE) IN CASH HELD	3 879	(316)	(316)	(316)	(356)	(356)	(356)	(356)	(316)	(316)	(316)	(7 012)	(6 454)	(12 389)	1 935
Cash/cash equivalents at the month/year begin:	55 000	58 879	58 563	58 246	57 930	57 574	57 218	56 862	56 507	56 190	55 874	55 558	55 000	48 546	36 157
Cash/cash equivalents at the month/year end:	58 879	58 563	58 246	57 930	57 574	57 218	56 862	56 507	56 190	55 874	55 558	54 546	48 546	36 157	38 092

Table MBRR Table SA 34a - Capital expenditure on new assets by asset class

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	23 525	5 038	7 461	12 381	12 381	12 381	9 300	7 000	6 511
Infrastructure - Road transport	13 964	-	6 175	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>	13 964		6 175						
<i>Storm water</i>									
Infrastructure - Electricity	280	1 323	1 286	5 381	5 381	5 381	7 300	7 000	-
<i>Generation</i>									
<i>Transmission & Reticulation</i>	280	1 323	1 286				7 300	7 000	
<i>Street Lighting</i>				5 381	5 381	5 381			
Infrastructure - Water	2 644	53	-	-	-	-	-	-	5 000
<i>Dams & Reservoirs</i>									5 000
<i>Water purification</i>									
<i>Reticulation</i>	2 644	53							
Infrastructure - Sanitation	6 388	3 662	-	7 000	7 000	7 000	2 000	-	1 511
<i>Reticulation</i>		3 662							
<i>Sewerage purification</i>	6 388			7 000	7 000	7 000	2 000		1 511
Infrastructure - Other	249	-	-	-	-	-	-	-	-
<i>Waste Management</i>									
<i>Transportation</i>									
<i>Gas</i>									
<i>Other</i>	249								
Community	449	305	148	-	110	110	3 000	2 900	1 000
Parks & gardens									
Sportsfields & stadia	-	9					3 000	2 900	1 000
Swimming pools	-	-							
Community halls	449	296	148						
Libraries					110	110			
Recreational facilities									
Cemeteries									-
Social rental housing									
Other									
Other assets	1 281	3 278	67	14	440	440	-	-	-
General vehicles	557	581							
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	505	549			347	347			
Computers - hardware/equipment		1 565		10	41	41			
Furniture and other office equipment	219	534	67	4	52	52			
Abattoirs									
Markets									
Civic Land and Buildings		49							
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other									
Intangibles	308	-	-	-	-	-	-	-	-
Computers - software & programming	308								
Other (<i>list sub-class</i>)									
Total Capital Expenditure on new assets	25 563	8 621	7 676	12 395	12 931	12 931	12 300	9 900	7 511

Table MBRR Table SA 34b - Capital expenditure on the renewal of existing assets by asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	16 797	17 876	48 363	42 629	42 629	47 373	47 853	12 093
Infrastructure - Road transport	-	7 961	-	13 332	19 032	19 032	20 973	11 044	12 093
Roads, Pavements & Bridges		7 961		13 332	19 032	19 032	20 973	11 044	12 093
Storm water									
Infrastructure - Electricity	-	688	-	23 000	8 024	8 024	15 000	20 000	-
Generation									
Transmission & Reticulation		688		15 000			15 000	20 000	
Street Lighting				8 000	8 024	8 024			
Infrastructure - Water	-	1 369	12 320	1 000	1 000	1 000	-	-	-
Dams & Reservoirs			12 320						
Water purification									
Reticulation		1 369		1 000	1 000	1 000			
Infrastructure - Sanitation	-	6 780	5 556	11 031	14 573	14 573	11 400	16 809	-
Reticulation		446							
Sewerage purification		6 334	5 556	11 031	14 573	14 573	11 400	16 809	
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management									
Transportation									
Gas									
Other									
Community	-	100	11	4 672	5 678	5 678	-	-	2 736
Parks & gardens				4 672	4 672	4 672			
Sportsfields & stadia			11		-	-			
Swimming pools					-	-			
Community halls					1 006	1 006			
Libraries									
Cemeteries		100							2 736
Social rental housing									
Other									
Other assets	-	-	-	-	-	-	-	-	-
General vehicles									
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment									
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other									
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Other (list sub-class)									
Total Capital Expenditure on renewal of existing	-	16 897	17 887	53 035	48 307	48 307	47 373	47 853	14 829
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									
Renewal of Existing Assets as % of total capex	0.0%	66.2%	70.0%	81.1%	78.9%	78.9%	79.4%	82.9%	66.4%
Renewal of Existing Assets as % of deprecn"	0.0%	52.5%	58.9%	141.4%	128.8%	128.8%	120.4%	122.5%	39.5%

Table MBRR Table SA34c - Repair and maintenance expenditure by asset class

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	4 986	4 785	5 926	18 977	19 107	19 107	23 161	24 473	25 815
Infrastructure - Road transport	997	1 363	1 602	5 155	5 325	5 325	6 760	7 168	7 600
Roads, Pavements & Bridges	997	1 363	1 602	5 155	5 325	5 325	6 760	7 168	7 600
Storm water									
Infrastructure - Electricity	1 480	1 145	1 256	4 714	4 614	4 614	5 702	6 002	6 306
Generation									
Transmission & Reticulation	1 407	1 128	1 198	4 689	4 589	4 589	5 647	5 941	6 244
Street Lighting	73	17	58	25	25	25	56	61	62
Infrastructure - Water	2 240	1 939	2 560	6 378	6 378	6 378	7 669	8 101	8 527
Dams & Reservoirs		404	186	300	300	300	350	350	371
Water purification		-	-	-	-	-			
Reticulation	2 240	1 535	2 374	6 078	6 078	6 078	7 319	7 751	8 156
Infrastructure - Sanitation	269	338	508	2 730	2 790	2 790	3 030	3 202	3 383
Reticulation									
Sewerage purification	269	338	508	2 730	2 790	2 790	3 030	3 202	3 383
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management									
Transportation									
Gas									
Other									
Community	140	211	261	297	167	167	313	323	326
Parks & gardens									
Sportsfields & stadia	126	211	235	250	120	120	260	265	267
Cemeteries				-					
Social rental housing				-					
Other	14		26	47	47	47	53	58	59
Other assets	1 404	14 444	1 909	2 251	2 229	2 229	2 285	2 370	2 501
General vehicles									
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	483	479	676	800	769	769	878	935	992
Computers - hardware/equipment									
Furniture and other office equipment	189	108	93	181	170	170	221	223	254
Abattoirs									
Markets									
Civic Land and Buildings	218	332	322	369	369	369	366	372	395
Other Buildings									
Other Land	403	13 423	715	650	650	650	650	660	670
Surplus Assets - (Investment or Inventory)									
Other	111	103	104	250	270	270	170	180	190
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Other (list sub-class)									
Total Repairs and Maintenance Expenditure	6 529	19 439	8 096	21 525	21 504	21 504	25 759	27 166	28 643
Specialised vehicles	-	-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									
R&M as a % of PPE	2.8%	2.3%	1.0%	2.6%	2.6%	2.6%	3.0%	3.1%	3.3%
R&M as % Operating Expenditure	4.3%	10.0%	3.7%	9.0%	8.9%	8.9%	10.0%	10.1%	10.1%
Total Repairs and Maintenance Expenditure	3,600	6,529	19,439	8,306	8,401	8,401	22,965	24,978	26,600

Table MBRR Table SA 34d – Depreciation by asset class

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Depreciation by Asset Class/Sub-class									
Infrastructure	6 536	22 721	20 408	27 862	27 862	27 862	29 219	29 012	27 851
Infrastructure - Road transport	1 044	11 704	8 211	14 246	14 246	14 246	14 940	14 834	14 241
Roads, Pavements & Bridges	1 044	11 704	8 211	14 246	14 246	14 246	14 940	14 834	14 241
Storm water									
Infrastructure - Electricity	2 030	6 372	4 131	4 500	4 500	4 500	4 719	4 686	4 498
Generation									
Transmission & Reticulation	2 030	6 372	4 131	4 500	4 500	4 500	4 719	4 686	4 498
Street Lighting									
Infrastructure - Water	2 164	3 041	5 748	6 466	6 466	6 466	6 781	6 733	6 463
Dams & Reservoirs									
Water purification									
Reticulation	2 164	3 041	5 748	6 466	6 466	6 466	6 781	6 733	6 463
Infrastructure - Sanitation	1 070	1 605	2 319	2 650	2 650	2 650	2 779	2 759	2 649
Reticulation									
Sewerage purification	1 070	1 605	2 319	2 650	2 650	2 650	2 779	2 759	2 649
Infrastructure - Other	229	–	–	–	–	–	–	–	–
Waste Management	97								
Transportation	–								
Gas	–								
Other	131								
Community	1 627	7 326	6 033	4 970	4 970	4 970	5 212	5 175	4 968
Parks & gardens									
Sportsfields & stadia									
Swimming pools	–	–							
Community halls	1 357	6 432	5 348	3 804	3 804	3 804	3 989	3 961	3 802
Libraries	–	–		–	–	–	–	–	–
Recreational facilities	249	894	685	1 166	1 166	1 166	1 223	1 214	1 166
Fire, safety & emergency	–	–							
Security and policing	–	–							
Buses	–	–							
Clinics	–	–							
Museums & Art Galleries	–	–							
Cemeteries	21	–							
Social rental housing									
Other									
Other assets	1 133	2 153	3 938	4 687	4 687	4 687	4 916	4 882	4 698
General vehicles	376	1 767	1 567	1 277	1 277	1 277	1 339	1 330	1 277
Specialised vehicles	–	–	–	–	–	–	–	–	–
Plant & equipment	122		289	308	308	308	323	321	308
Computers - hardware/equipment	–	–		–	–	–	–	–	–
Furniture and other office equipment	323	385	874	311	311	311	326	324	311
Abattoirs	–	–		–	–	–	–	–	–
Markets	–	–		–	–	–	–	–	–
Civic Land and Buildings	–	–		–	–	–	–	–	–
Other Buildings	–	–		–	–	–	–	–	–
Other Land	–	–	313	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)	–	–		–	–	–	–	–	–
Other	313		895	2 791	2 791	2 791	2 927	2 907	2 802
Intangibles	52	–	–	–	–	–	–	–	–
Computers - software & programming	52								
Other (list sub-class)									
Total Depreciation	9 349	32 200	30 379	37 520	37 520	37 520	39 347	39 069	37 517

Table MBRR Table SA 35 - Future financial implications of the Capital budget

Vote Description R thousand	2013/14 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Present value
Capital expenditure							
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-				
Vote 2 - BUDGET AND TREASURY	-	-	-				
Vote 3 - SOCIAL SERVICES	3 000	2 900	3 736				
Vote 4 - CORPORATE SERVICES	-	-	-				
Vote 5 - TECHNICAL SERVICES	56 673	54 853	18 604				
Vote 6 - PLANNING AND DEVELOPMENT	-	-	-				
Vote 7 -	-	-	-				
Vote 8 -	-	-	-				
Vote 9 -	-	-	-				
Vote 10 -	-	-	-				
Vote 11 -	-	-	-				
Vote 12 -	-	-	-				
Vote 13 -	-	-	-				
Vote 14 -	-	-	-				
Vote 15 -	-	-	-				
<i>List entity summary if applicable</i>							
Total Capital Expenditure	59 673	57 753	22 340	-	-	-	-
Future operational costs by vote							
Vote 1 - EXECUTIVE AND COUNCIL	20 424	21 064	22 774				
Vote 2 - BUDGET AND TREASURY	17 673	18 670	19 100				
Vote 3 - SOCIAL SERVICES	39 690	41 720	42 655				
Vote 4 - CORPORATE SERVICES	15 800	16 573	16 800				
Vote 5 - TECHNICAL SERVICES	155 064	162 285	172 831				
Vote 6 - PLANNING AND DEVELOPMENT	7 958	8 504	9 026				
Vote 7 -							
Vote 8 -							
Vote 9 -							
Vote 10 -							
Vote 11 -							
Vote 12 -							
Vote 13 -							
Vote 14 -							
Vote 15 -							
<i>List entity summary if applicable</i>							
Total future operational costs	256 609	268 815	283 186	-	-	-	-
Future revenue by source							
Property rates	20 600	21 600	22 800				
Property rates - penalties & collection charges							
Service charges - electricity revenue	71 660	77 090	84 730				
Service charges - water revenue	28 600	31 500	34 400				
Service charges - sanitation revenue	9 100	9 600	10 100				
Service charges - refuse revenue	5 760	6 048	6 400				
Service charges - other							
Rental of facilities and equipment	75	80	81				
<i>List other revenues sources if applicable</i>							
<i>List entity summary if applicable</i>							
Total future revenue	135 795	145 918	158 511	-	-	-	-
Net Financial Implications	180 486	180 650	147 015	-	-	-	-

Table MBRR Table SA 36 - Detailed capital budget

Municipal Vote/Capital project				Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates			Prior year outcomes	2013/14 Medium Term Revenue & Expenditure Framework			Project information		
R thousand	Program/Project description	Project number	IDP Goal code	6	3	3	5	Total Project Estimate		Audited Outcome 2011/12	Current Year 2012/13 Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
Cemetery	Extension of Modimolle Cemetery Phase 2		A		Community	Cemeteries								2 736	Ward 4	Renewal
Park and Recreation	Development of Modimolle Sports facility Ext 6		A		Community	Sportsfields & stadia						3 000			Ward 6	New
	Development of Phagameng Parks(Ext 6, Shirinda)		A		Community	Sportsfields & stadia							2 900		Ward 7	New
	Development of Leseding Park		A		Community	Sportsfields & stadia								1 000	Ward 3	New
Public Works	Phagameng str phase 4(phelindaba,thulare)		E		Infrastructure - Road transport	Roads, Pavements & Bridges						3 193	3 193	3 193	Ward 5,6,7	Renewal
	Paving Phagameng Ext. 10 streets		E		Infrastructure - Road transport	Roads, Pavements & Bridges								4 000	Ward 5	Renewal
	Paving of freedom park ring road		E		Infrastructure - Road transport	Roads, Pavements & Bridges						1 475			Ward 9	Renewal
	Mabatlane ext 4 paving of ring road		E		Infrastructure - Road transport	Roads, Pavements & Bridges						2 305	1 851		Ward 1	Renewal
	Building of Phagameng Storm Water Channel		E		Infrastructure - Road transport	Roads, Pavements & Bridges								3 000	Ward 5	Renewal
	Mabaleng Paving of Streets		E		Infrastructure - Road transport	Roads, Pavements & Bridges								1 900	Ward 2	Renewal
	Rehabilitation of Lillian Ngoyi road & low level bridge		E		Infrastructure - Road transport	Roads, Pavements & Bridges						14 000			Ward 8	Renewal
Barney Molokoane Low Level Bridge		E		Infrastructure - Road transport	Roads, Pavements & Bridges							6 000		Ward 8	Renewal	
Sanitation	Phagameng Ext 11 Sanitation Reticulation		E		Infrastructure - Sanitation	Reticulation								1 511	Ward 5	Renewal
	Mabatlane Industrial Sewer Reticulation		E		Infrastructure - Sanitation	Reticulation						2 000			Ward 1	Renewal
	Modimolle waste water treatment works Ph.2		E		Infrastructure - Sanitation	Reticulation						11 400	16 809		Ward 8	Renewal
Electrotechnical	Electrification of phagameng ext 10		E		Infrastructure - Electricity	Transmission & Reticulation						7 300	7 000			New
	Energy efficiency and demand side manager		E		Infrastructure - Electricity	Transmission & Reticulation						5 000	5 000			New
	Upgrade of electrification of internal reticulation		E		Infrastructure - Electricity	Transmission & Reticulation						10 000	15 000			Renewal
Water	Modimolle Water Tower		E		Infrastructure - Water	Dams & Reservoirs								5 000	Ward 8	New
Parent Capital expenditure												59 673	57 753	22 340		

Part 3 – SUPPORTING DOCUMENTS

1. OVERVIEW OF THE ANNUAL BUDGET PROCESS

In undertaking its annual budget process, ModimolleLocalMunicipality was guided by the following key legislation and documents:

- Municipal Finance Management Act;
- Municipal Systems Act;
- The National Spatial Development Framework; and
- The Limpopo Provincial Government and Development Strategy.
- National Treasury Circular 54.

The municipality is always conscious of the fact the IDP, Budget and other consultative processes have to be undertaken with credibility and honesty in order to ensure good governance and accountability. The municipality engaged its various stakeholders in preparing this 2013/14 MTREF budget, including the communities in all the eight (8) wards, the local Chamber of Commerce and national and provincial government departments. These stakeholders are diverse and included local SMMEs, formal businesses, street vendors, agricultural and mining communities as well as ordinary members of our communities.

Modimolle Local Municipality engaged in the IDP and Budget processes as one process. The objective was to strengthen the synergy between the IDP and the Budget to ensure that they are consistent and linked. This new process had some hiccups but these will be addressed as more experience is gained in this initiative. From these community participation and consultation processes, the municipality identified and prioritised the needs of the communities. As is almost always the case in any budget process, some priorities were identified that could not be funded in the 2013/14 financial year. These priorities and their related programmes/ projects were then included in the medium term IDP for funding consideration once additional funding becomes available, currently or in the future years.

In all these public consultation and participation process, including internal prioritisation and negotiation processes, the Mayor played an active oversight role over the IDP and Budget as required by Section 53(1) (a) of the MFMA, which states that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. Under the guidance of the Mayor, engagements were also held over a number of days with the Councillors in the budget and prioritisation processes. The table below is an extract of the key deadlines relating to the Budget and IDP processes as required by Section 21(1) (b) of the Municipal Finance Management Act, 2003.

Table - Summary of key deadlines in the budget and IDP process

Processes and activities	Responsibility	Date
Table and approval of 2012/13 adjustment budget to Council	Mayor	28 Feb 2013
Tabling of 2013/14 budget	Mayor, Council	27 Mrt 2013
Submission of tabled budget to National and Provincial Treasuries	MM	5 April 2013
Public hearings on budget, IDP and budget policies	Mayor	1 April – 31 April 2013
Approval of 2013/14 IDP, budget and budget policies	Council	31 May 2013
Submission of draft SDBIP and draft performance agreements of Snr Managers to Mayor	MM	14 June 2013
Approval of SDBIP and performance agreements of Snr Managers	Mayor	28 June 2013
Submission of approved budget, IDP, SDBIP and performance agreements to National and Provincial Treasuries and other interested parties	MM	14 June 2013

2. OVERVIEW OF ALIGNMENT OF BUDGET WITH INTEGRATED DEVELOPMENT PLAN

In reviewing the IDP and preparing the 2013/14 MTREF, public consultations were conducted with various stakeholders in order to identify their needs and priorities. As mentioned in the preceding section, the municipality collated the information and prioritized the needs. When determining the available funding against the needs and projects, due consideration was given to the operating expenditure implications for the capital projects over the lifespan of the projects.

3. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

The measurable performance indicators and objectives for revenue and expenditure (both capital and operating) are contained in the Service Delivery and Budget Implementation Plan (SDBIP) of the municipality and the Section 57 (Municipal Systems Act) managers. The SDBIP has been designed such that it gives effect to the implementation of the budget, with quarterly performance targets. The SDBIP will be submitted to the Mayor immediately after the budget has been approved. The timeframes as contained in Section 53(1) (c) of the MFMA will be complied with.

The key financial indicators and ratios are contained in Supporting Table 8.

4. DRINKING WATER QUALITY AND WASTE WATER MANAGEMENT

4.1 Water Service Authority and Water Service Provider

Modimolle is the Water Service Authority (WSA) and Magalies Water Board serve as the Water Service Provider (WSP), providing only a portion of the bulk requirements to Modimolle. Modimolle LM operates both the Water and Waste Water Treatment Works.

4.2 Blue and Green Drop Rating

The overall Blue drop rating for the Municipality is standing at 70.10%. Areas for concern are the low skills of our employees in the division, as they cannot be classified under the DWA regulations. The treatment works require at least a Class III Process Controller and our employees are sitting at Class 0. Upgrade of the Raw and Final Water pipeline for Donkerpoort and drilling of more boreholes for Mabatlane and Mabaleng are also areas for concern.

The overall Green Drop PAT rating is currently sitting at 43.3%. Areas for concern are the low skills of our employees in the division, as they cannot be classified under the DWA regulations. The treatment works require at least a Class III Process Controller and our employees are sitting at Class 0. Package plants have been installed at both Mabatlane and Mabaleng respectively hoping that this will improve the rating in the next assessment.

4.3 Water Safety Plan and Waste Water Risk Abatement Plan(W₂RAP)

The water safety plan is being reviewed annually and items that emanate from the risk assessment are being included in the budget.

Department of Water Affairs assisted the municipality in developing the wastewater risk abatement plan.

4.4 Challenges with regards to management of drinking water and waste water Ageing infrastructure

Skills and qualifications of our process.

Water quality analysis instruments.

Limited budget for both water and wastewater treatment

5. OVERVIEW OF BUDGET RELATED POLICIES

The municipality has come to the realisation that for the budget to be credible and balanced, it must be supported by policies that guide the revenue and expenditure estimates. ModimolleLocalMunicipality aims to deliver services that are affordable to its communities. To ensure this, the budget related policies have been reviewed, and other policies are in the process of review, to take the socio-economic realities of the communities into account. This reality, however, is balanced with the realisation that the municipality must be financially sustainable.

6. OVERVIEW OF BUDGET ASSUMPTIONS

In MFMA Circular 54, the National Treasury has cautioned municipalities to prepare budgets within the context of the economic crises that are felt everywhere in the globe. Some of the economic crises that will impact on the budget are slow growth in the local economy of the municipality, shrinking employment and declining income levels. These factors, in turn, will impact on the demand for and affordability

ity of municipal services. The budget has to be responsive to the needs of the community but also structured in such a manner that it facilitates local economic development and job creation. Three factors are very important in this regard, namely;

- The municipality must collect all revenue due from those households and members of the community who can afford to pay for the municipal services they receive but refuse, or ignore, to do so;
- The municipality must exercise financial discipline avoid unnecessary, nice-to-have expenditure; and
- The municipality must effectively utilise its assets, making the assets to sweat as reflected by the ratio of operating income to assets, particularly the income generating assets. This has been balanced with increased budget on repairs and maintenance to ensure that the infrastructure assets are maintained at higher levels.

This budget has been prepared based on the following assumptions:

Table - Budget assumptions

Financial year	2011/12 Actual	2012/13 Estimate	2013/14	2014/15	2015/16
Headline CPI inflation	5.7%	5.6%	5.6%	5.4%	5.4%
Revenue collection rate			94%	94%	94%
Salaries (LGBA)	%	7%	7%	6.4%	6.5%

In its MFMA Circular 66, National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as practically possible. Given that NERSA has released its guideline on municipal electricity price increases for 2013/14 of 8% and that Magalies Water indicated an increase to its bulk water tariffs by 14%, it is inconceivable for Modimolle Local Municipality, and other municipalities, to increase their tariffs within the National Treasury guidelines of 6%. However, this budget has made provision to assist and support indigent households to cushion against the impact of the high increases in the tariffs.

7. OVERVIEW OF BUDGET FUNDING

Section 18(1) of the MFMA requires the budget of a municipality to be funded from-

- Realistically anticipated revenues to be collected;
- Cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in Section (17) (2) of the MFMA.

This budget has been prepared taking into cognizance the requirements of the abovementioned section. Revenue was estimated using a collection rate of 94% to billings. This has resulted in moderate increase in the operating budget. The capital budget is funded out of grants received from National Treasury and own income. An adjusted budget will be compiled for Council consideration once more funding becomes available from either internal and/ or external sources. The 2013 Division of Revenue Bill allocations to Modimolle Local Municipality are as follows for 2013/14 – 2015/16.

Table - Grant allocations over the MTREF

Grant type (R'000)	2013/14	2014/15	2015/16
Equitable share	R57 283 000	R58 581 000	R59 493 000
Finance Management Grant	R1 550 000	R 1 600 000	R 1 650 000
Municipal Infrastructure Grant	R39 336 000	R32 364 000	R23 516 000
Municipal Systems Improvement Grant	R 890 000	R 934 000	R 967 000
Extended Public Works Programme	R 1 000 000		
Integrated National electrification Programme	R7 300 000	R7 000 000	
Electricity Demand Side management	R5 000 000	R5 000 000	

These grants are explained below:

- Equitable Share - The equitable share is an unconditional grant and is used for institutional capacity and to support the indigents;
- Local Government Financial Management Grant - This grant is a conditional grant and can only be used for capacity building and Internship Programme;
- Special Contribution towards Councilor Grant - This grant forms part of the equitable share allocations;
- Municipal Infrastructure Grant (MIG) - This is a conditional grant for municipal infrastructure; and
- Municipal System Improvement Grant (MSIG) - This is a conditional grant designed to improve systems within the municipality.

8. EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Provision was made in the 2013/14 budget for the following statutory and reserve fund contributions:

- Leave Reserve : R 900 000
- Working Capital Reserve : R 5 000 000

Contributions in total amount to R 5 900 000 and this represents 2.3% of total operating expenditure. The working capital reserve makes provision for nonpayment of services.

9. ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The municipality does not make any grants or allocations to either individuals or organs of state.

10. COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS

The municipality made provision for an increase of 6% to councillors and 7% to employees allowances and benefits.

❖ *See supporting table SA23 for the detail.*

11. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Monthly targets for revenue, expenditure and cash flow are attached as per supporting table 25.

12. ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS

The service delivery and budget implementation plans will be tabled to the Mayor within 14 days of the tableing of the budget.

13. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

See supporting table SA33 for the municipality contracts having future budgetary implications for more than 3 years.

14. CAPITAL EXPENDITURE DETAILS FOR 2013/14

The supporting table SA36 shows the details of capital budget for the 2013/14 financial year. As the table shows, a combination of grant funding and own income will be used to fund the capital budget.

15. LEGISLATION COMPLIANCE DETAILS

This budget has been prepared in accordance with the requirements of the Municipal Finance Management Act, the Municipal Budget and Reporting Regulations and the Municipal Systems Act.

16. BUDGET RELATED POLICIES

The budget related policies is attached as per Annexure I.

The following changes was made to the policies:

- Indigent Policy
 - Section d – changed the threshold for receiving free basic services from R2 200 to R2 300.

17. QUALITY CERTIFICATION

I, _____, Acting Municipal Manager of Modimolle Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and Regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Name: _____

Signature: _____

Date: _____

Part 4 – ANNEXURES

Annexure A: Tariff for Electricity

- Free Basic electricity to be provided for Indigents only in terms of Council's Indigent Policy;
- Schools, Tennis and Bowling Clubs to be levied on Municipal tariffs for electricity consumption.

Table : Electricity tariffs

DESCRIPTION	CURRENT	PROPOSED
RESIDENTIAL: Conventional and		
Units		
0 – 50	R0-63	R0-67
51 – 350	R0-79	R0-85
351 – 600	R1.06	R1.17
>600	R1.26	R1.39
Basic	R65.25 p.m	R71.78 p.m
Prepaid		
Units		
0 – 50	R0-65	R0-69
51 – 350	R0-83	R0-89
351 – 600	R1.06	R1.17
>600	R1.26	R1.39
BUSINESS:		
- Basic	R338-34 p.m.	R372-17 p.m.
- Unit	R1-155	R1-27
BULK:		
- Basic	R363-00 p.m.	R431-24 p.m.
- Unit	R0-543	R0-6446
- KVA	R121-50	R144-34
MUNICIPAL	R0-8187	R0-90

Annexure B: Tariff for Supply of Water

- Free Basic water to be provided for Indigents only in terms of Council's Indigent Policy.
- A proposed tariff increase of 16% for Modimolle/Phagameng and 16% for Vaalwater/Alma is provided for.
- Schools, Tennis and Bowling Clubs will be levied on Municipal tariffs for metered water consumption.

Table : Water Tariffs

DESCRIPTION	CURRENT	PROPOSED
RESIDENTIAL:		
<u>Modimolle/Phagameng</u>		
- 0 - 20 kl per 30-day period	R9.17	R10.64
- above 20 kl per 30-day period	R12-37	R14-35
<u>Vaalwater/Alma</u>		
- 0 – 20 kl per 30-day period	R7-00	R8-12
- more than 20 kl per 30-day period	R11-21	R13-00
BUSINESS:		
Modimolle/Phagameng	R12-83	R14-88
Vaalwater/Alma	R11-83	R13-72
BULK:		
Modimolle/Phagameng	R11-91	R13-82
Kokanje Retirement Village	R10-69	R12-40
Vaalwater/Alma		
- 0 - 5 kl per 30-day period	R3-58	R4-15
- 6 -10 kl per 30-day period	R5-29	R6-14
- 11 - 30 kl per 30-day period	R7-47	R8-67
- more than 30 kl per 30-day period	R8-73	R10-13
MUNICIPAL	R8-25	R9-57

Annexure C: Tariff for Refuse Removal

- A proposed tariff increase of 8% is provided for.
- Free refuse removal is to be provided for indigent households only in terms of Council's Indigent Policy.

Table : Refuse Removal

DESCRIPTION	CURRENT	PROPOSED
Residential:		
Modimolle	R68-08	R73-53
Phagameng	R68-08	R73-53
Vaalwater/Alma	R68-08	R73-53
Business:		
Modimolle/Phagameng	R203-89	R220-20
Vaalwater/Alma	R203-89	R220-20
Mini Mass:		
Modimolle	R432-00	R466-56
Vaalwater/Alma	R432-00	R466-56
Bulk:	R1325-73	R1431-79

Annexure D: Tariff for Sanitation

- The sanitation tariffs are determined on the size of the stand and per toilet connection.
- A tariff increase of 8% is provided for.
- Free sanitation to be provided for indigent households only in terms of Council's Indigent Policy.

Table : Sanitation Tariffs

DESCRIPTION	CURRENT	PROPOSED
Modimolle/Phagameng		
Basic		
Size of stand:		
0 - 600 m ²	R26-67	R28-80
600 - 1 983 m ²	R53-59	R57-88
1 983 - 2 975 m ²	R70-99	R76-67
2 975 - 3 966 m ²	R88-85	R95-96
3 966 - 4 957 m ²	R106-48	R115-00
4 957 - 9 914 m ²	R124-22	R134-16
above 9 914 m ²	R2-98	R3-22
(every 992 m ²)		
Per toilet	R45-13	R48-743
Vaalwater/Alma		
Basic	As above	As above
Per toilet	R26-33	R28-44
Vacuum tank	R66-33	R71-64

Annexure E: Tariff for Property Rates

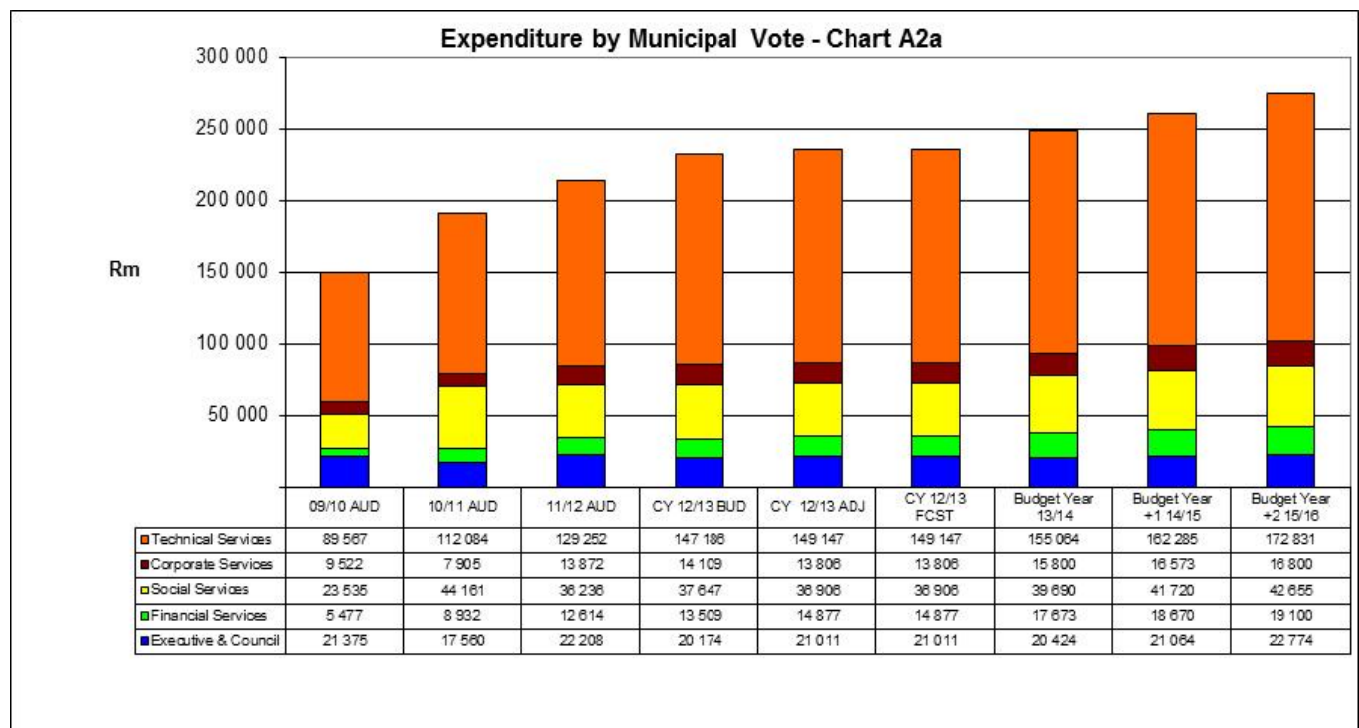
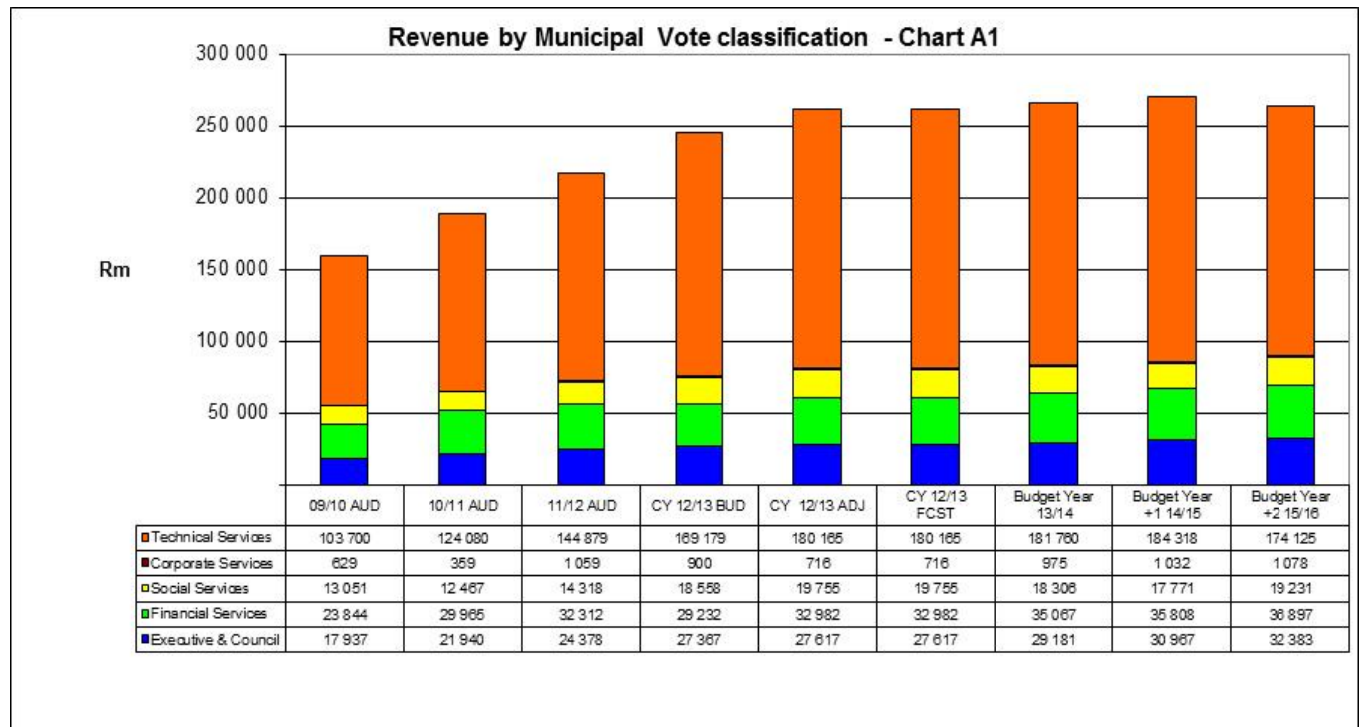
- Tariff increase as follows:
 - Residential properties: 7 %
 - Businesses and commercial properties: 7 %
- In terms of the Property Rates Policy 2009/10 as adopted by Council in 2008, the municipality may levy different Rates for different categories of Property.
- Rebates are granted as per the Property Rates Policy.

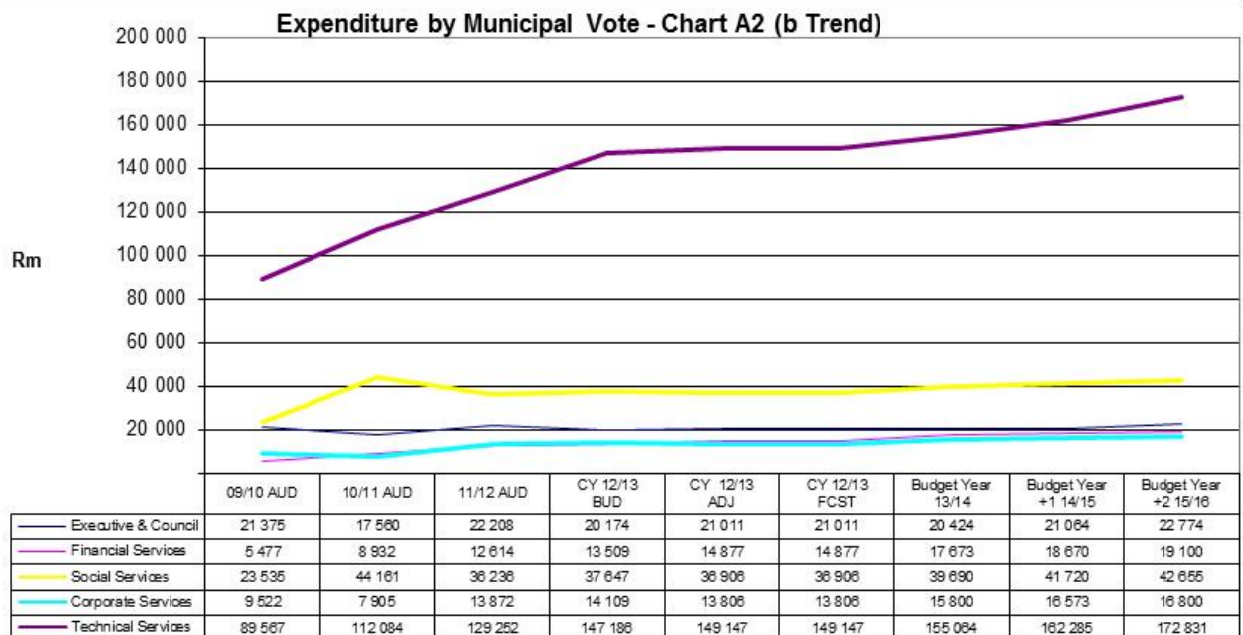
Table 5 indicates the rate for the 2013/14 financial year for Modimolle Local Municipality and is approved for the following categories of property.

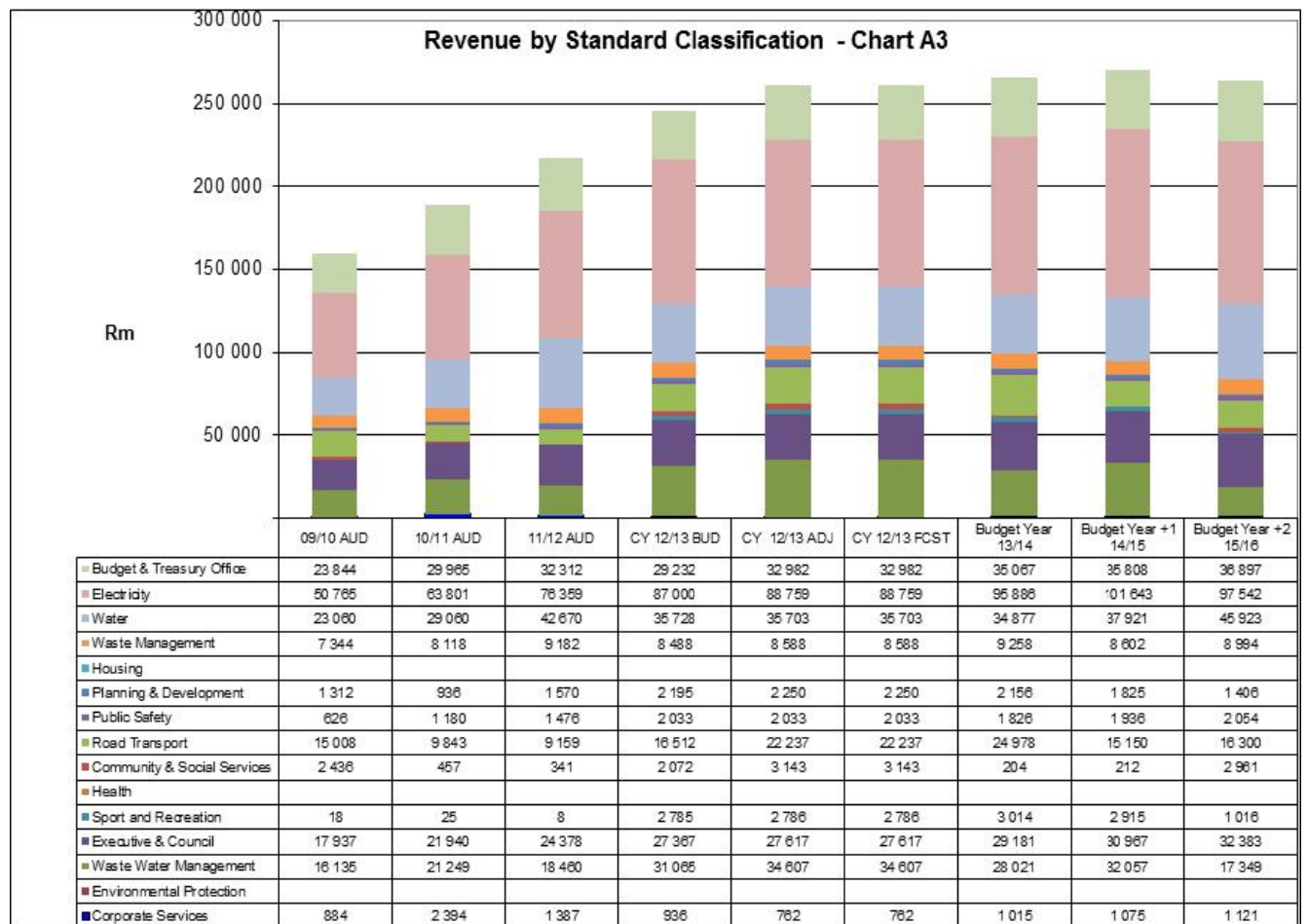
Table : Property Rates

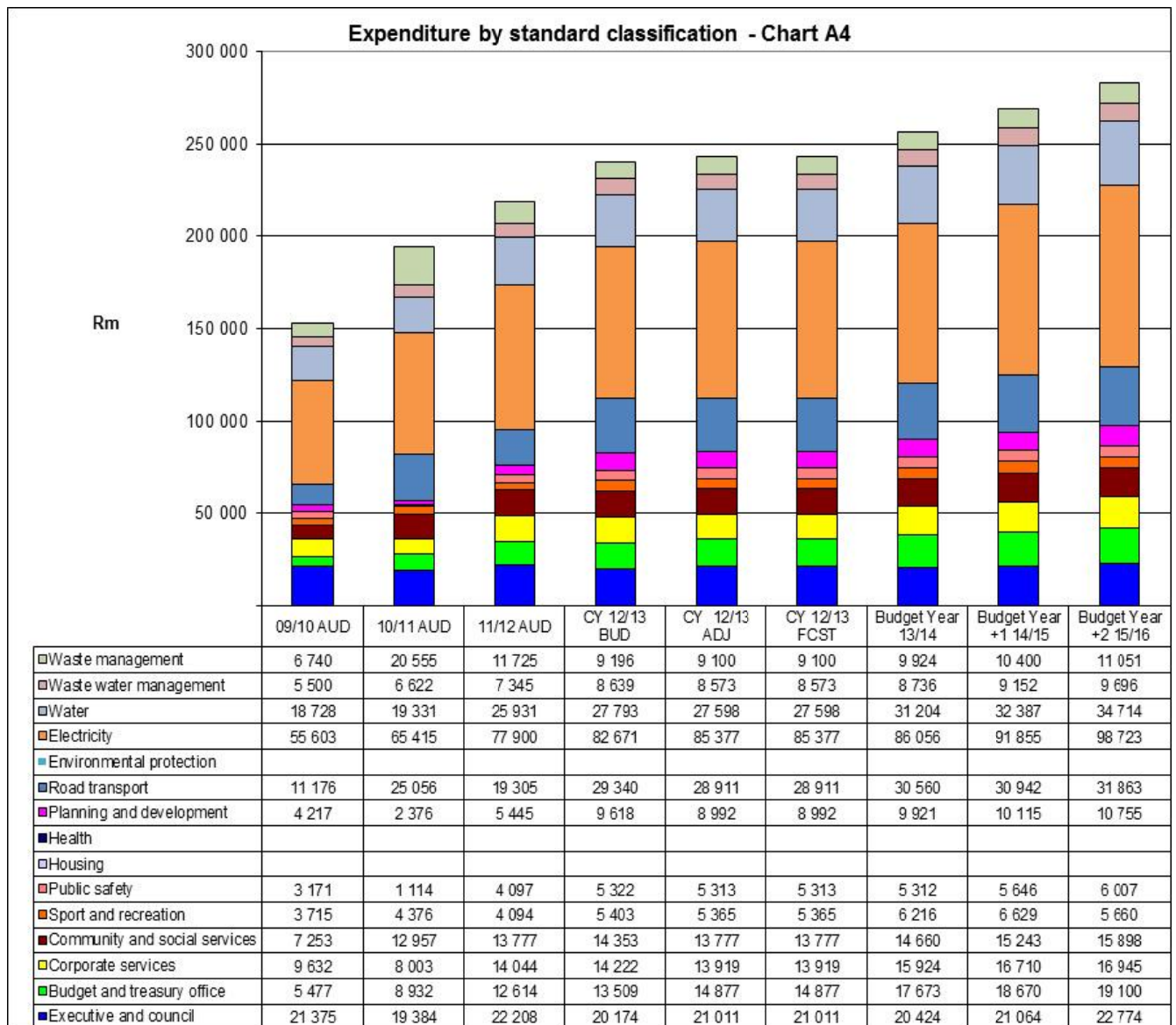
PROPERTY RATES	
<i>Rates are determined in terms of the Property Rates Act, 2004 (Act No 6 of 2004) as well as Council's Rate Policy</i>	
Residential Property	
An amount of 0.58 cent in a rand per annum	= 0.0058
Kokanje (areas not provided services by municipality)	
An amount of 0.58 cent in a rand per annum	= 0.0058
Business, Commercial & Industrial Property	
An amount of 2.20 cent in a rand per annum	= 0.0220
Agricultural Property	
An amount of 0.15 cent in a rand	= 0.0015
State owned Property	
An amount of 2.20 cent in a rand	= 0.0220
Public Service Infrastructure	
An amount of 0.15 cent in a rand	= 0.0015
Public Benefit Organisation	
An amount of 0.15 cent in a rand	= 0.0015
Mining Property	
An amount of 2.20 cent in a rand	= 0.0220

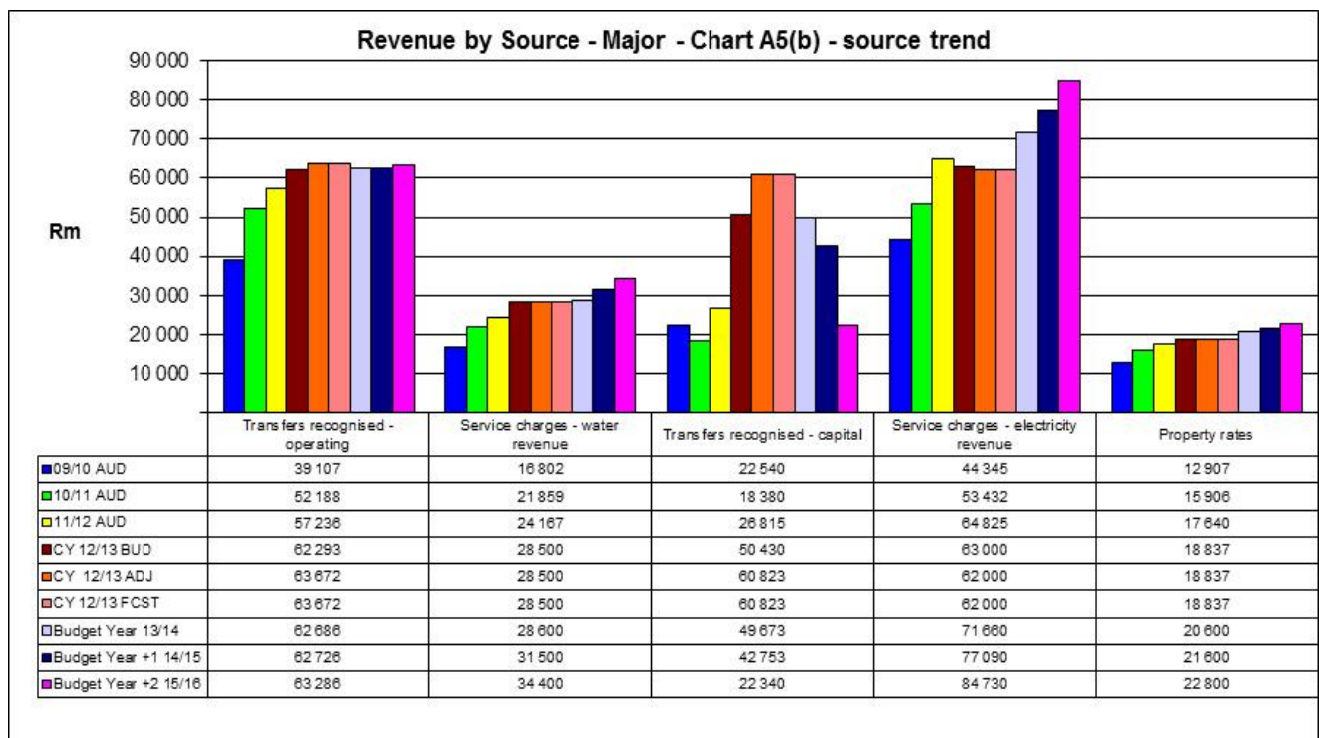
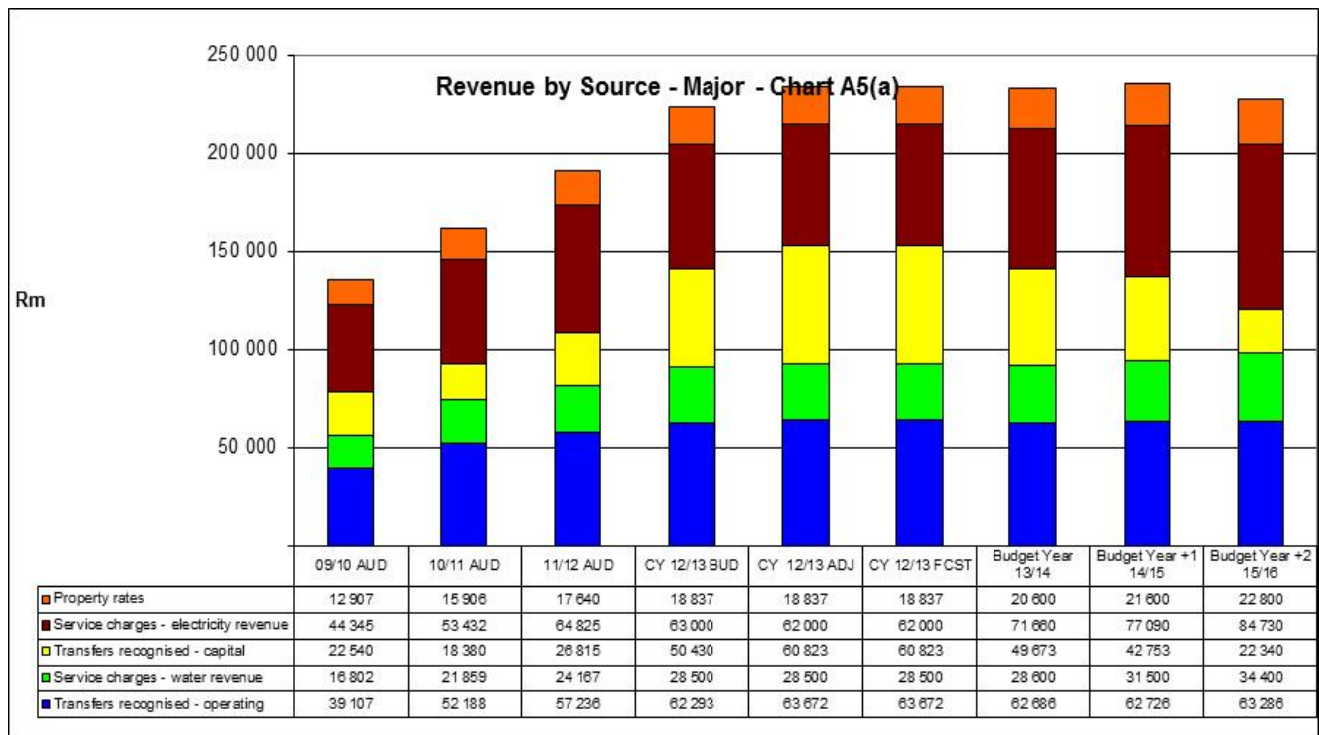
Annexure F: Supporting Charts

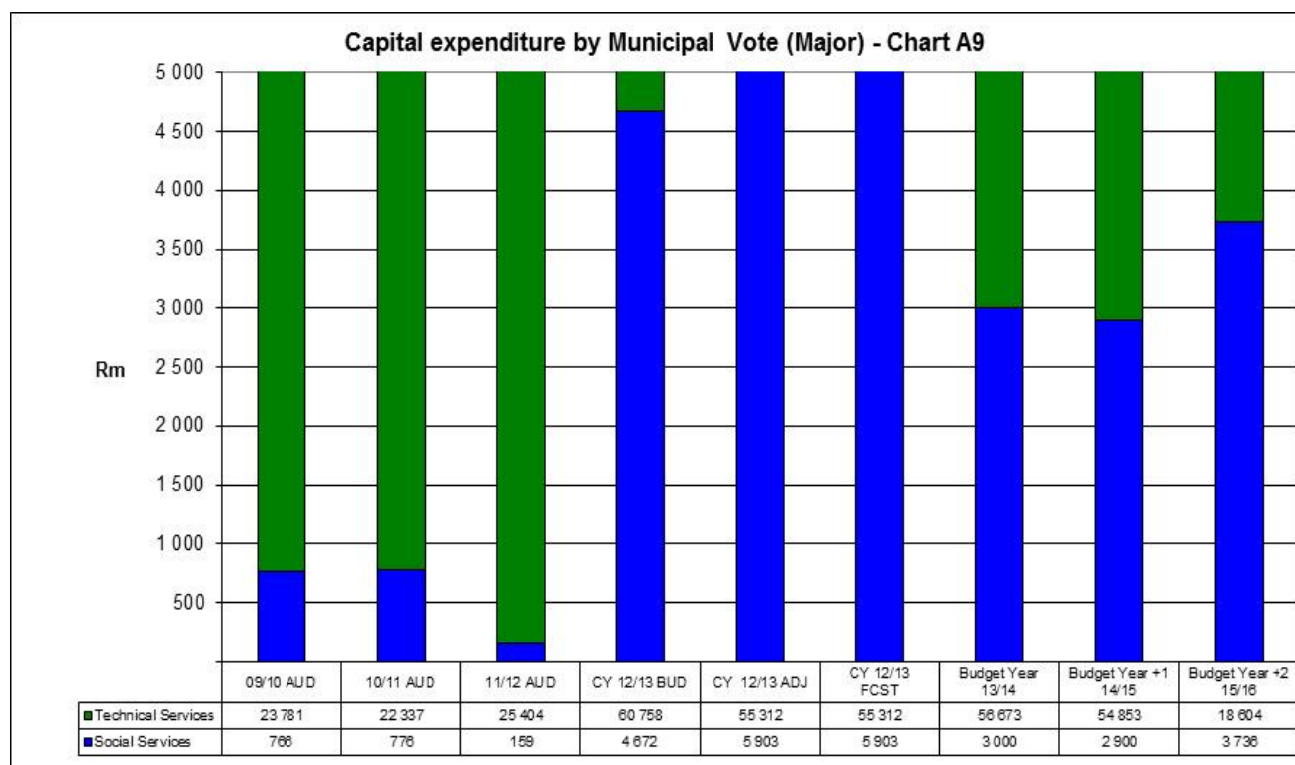
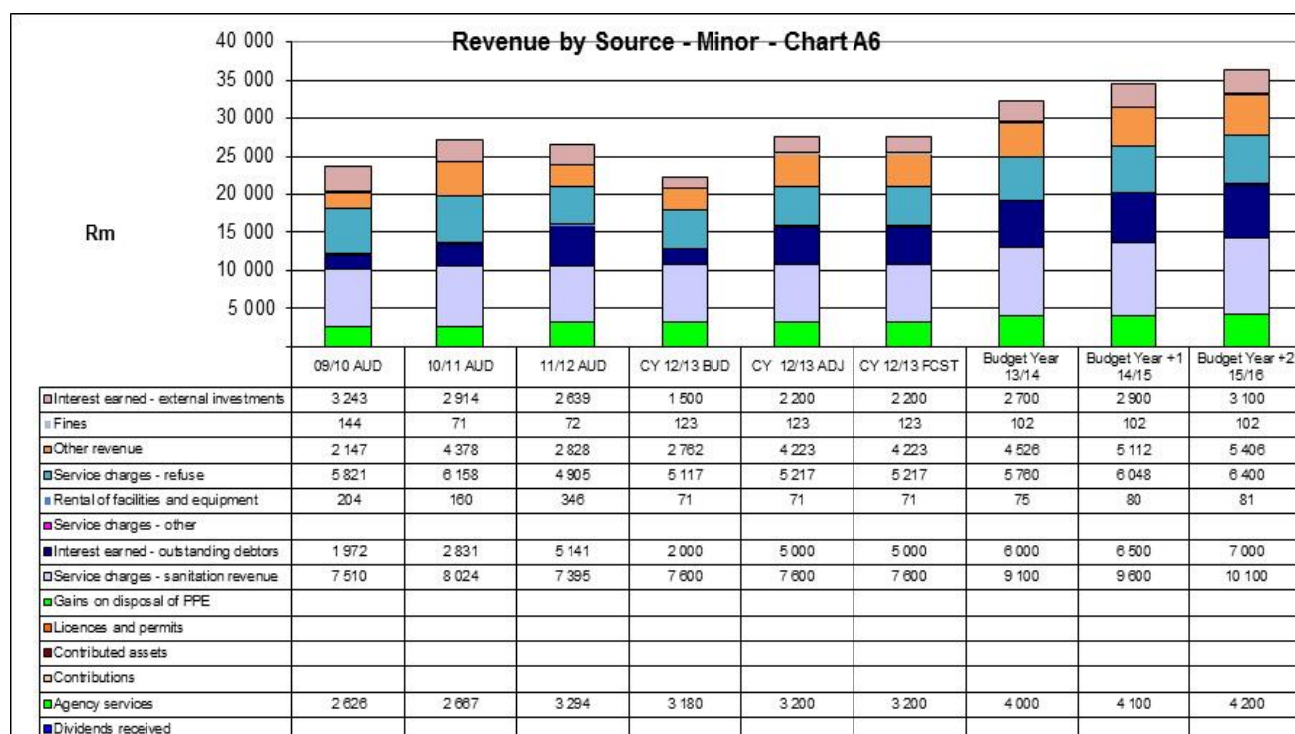


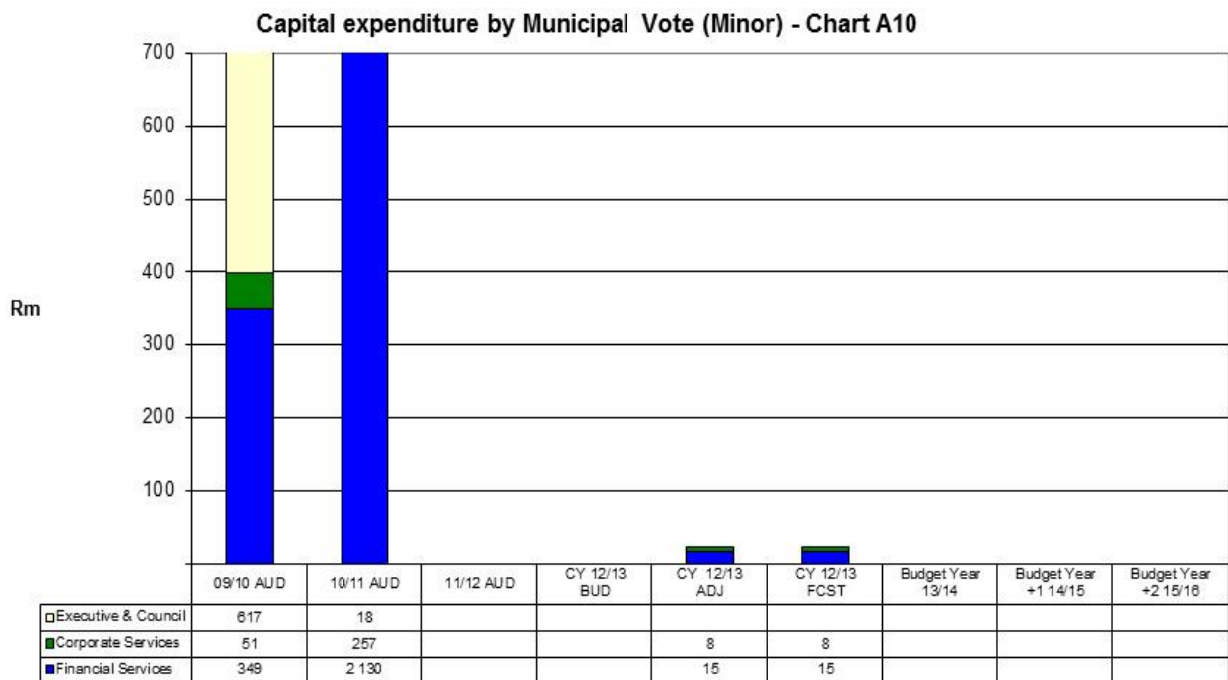












Annexure G: Integrated Development Plan

The Integrated Development Plan will be the presented in council.

Annexure H: Sundry Tariffs

ADVERTISING FEES		
DISCRIPTION	CHARGE	BASIC RENTAL COST
Single Gantry: In to Town Out of Town	R9 010.00 R6 890.00	R15 900.00
Citilite Per Face	R4 770.00	R 9 540.00
Lightbox Per Ad Per Face	R450.00 R3 600.00	R7 210.00
Pole Ad Per Site	R 490.00	R490.00
Pave Ad Per Ad	R340.00	R680.00
Event Ad Per Ad	R3-20	R1 336-00

DESCRIPTION	CURRENT TARIFF 2012/2013	PROPOSED TARIFF 2013/2014
2. Sewer blockages	R 196-00	R 208-00
3. Sewer connection: 1 st connection 2 nd connection	R 652-00 R3222-00	R 691-00 R3415-00
Dumpin of Waste Water – Trucks		
8 kl Truck	R 53-00	R 56-00
10 kl Truck	R 74-00	R 78-00
20 kl Truck	R 148-00	R 157-00
4. Water connections: 15mm 20mm 25mm 40mm 50mm 75mm Larger than 75mm Moving of meter Replacement of a meter(consumer fault)	R 1 956-00 R 3 100-00 R 4 834-00 R 6 196-00 R 8 146-00 R11 570-00 Cost + 32% R 716-00 Cost + 32%	R 2 073-00 R 3 386-00 R 5 124-00 R 6 568-00 R 8 635-00 R12 264-00 Cost + 32% R 759-00 Cost + 32%
5. Burial Fees: All Residents and Rate Payers		
Adult: Standard Grave	R 408-00	R 432-00
8 Feet (2.44m) grave	R 488-00	R 517-00
Casket Coffin	R 445-00	R 472-00
Children	R 138-00	R 146-00
All non residents	R 1 791-00	R 1 898-00
Tombstone	R190-00	R201-00

6. Photocopying: Library A 3 A 4 Records A 3 A 4	R 4-95 R 2-55 R 4-95 R2-55	R 5-25 R 2-70 R 5-25 R2-70
7. Sale of soil, gravel etc , if available (max 20m ³) Penalty for illegal excavations	R 425-00 per m ³ R 5 300.00	R 450-00 per m ³ R 5 618.00
8. Any other private work in connection with Council activities	Cost + 32 %	Cost + 32 %
9. Registration of boreholes	R 148-00	R 157-00
10. Removal of garden refuse	R 265-00	R 281-00
10. Removal of dead animals: - Dogs, calves, cats, sheep and goats - Horses, cattle, donkeys and mules	R 85-00 R 212-00	R 90-00 R 225-00
13. All electrical connections	Cost + 12 %	Cost + 12 %
14. Re-connection of electricity and water services for non- payment of accounts - Office hours - Sunday and Public Holidays - Any other time - Dishonored payment - Illegal re-connection of services	R 250-00 R 148-00 R 1 632-00	R 265-00 R 157-00 R 1 730-00
15. Library : Fines Loss of cards - Membership Fees	R 8-50 per week R 17-00 R58-00 per member per year	R 9-00 per week R 18-00 R61-00 per member per year
16. Rates Clearance Certificates	R 138-00	R 146-00
17. Valuation Certificates	R 45-00	R 48-00
18. Rank Permit	R 111-00 per year	R 118-00 per year
19. Hawkers' Permit: - Residents - Non Residents	R 138-00 per year R 280-00 per year	R 146-00 per year R 297-00 per year

TARIFF: TOWN PLANNING AND BUILDING CONTROL
All tariffs exclude VAT

APPLICATION	CURRENT TARIFF	NEW TARIFF
Special Consent use in terms of the Modimolle Land use Scheme 2004	R 816-00 application fee + R 74-00 for every additional erf/stand included.	R 865-00 application fee + R 78-00 for every additional erf/stand included.
Written Consent use in terms of Modimolle Land Use Scheme 2004	R 816-00 application fee + R 74-00for every additional erf/ stand included	R 865-00 application fee + R 78-00for every additional erf/ stand included
Building line relaxation use in terms of Modimolle Land Use scheme 2004	R 196-00 (per line to be relaxed)	R 208-00 (per line to be relaxed)
Subdivision application in terms of Section 92 of the Town Planning and Townships Ordinance (15/1986)	R 329-00 application fee + R 32-00 for every portion to be created by subdivision	R 349-00 application fee + R 34-00 for every portion to be created by subdivision
Consolidation application in terms of Section 92 of the Town Planning and Townships Ordinance (14/1986)	R 329-00 application fee + R 32-00 for every erf/stand included in consolidation	R 349-00 application fee + R 34-00 for every erf/stand included in consolidation
Rezoning application in terms of Section 56 of the Town Planning and Townships Ordinance (15/1986)	R 1 224-00 application fee + R 297-00 for every additional erf/ stand	R 1 298-00 application fee + R 315-00 for every additional erf/ stand
Application in terms of the Removal of Restrictive Conditions	R 816-00 application fee	R 865-00 application fee
Division application in terms of the Ordinance on the Division of Agricultural land	R 445-00 application fee + R 74-00 per portion to be divided – applicant places all notices	R 472-00 application fee + R 78-00 per portion to be divided – applicant places all notices
Division in terms of the Division of Agricultural Land Act 70 of 1970	R 329-00 application fee + R 32-00 per portion to be divided	R 349-00 application fee + R 34-00 per portion to be divided
Zoning Certificate	R 42-00 per zoning certificate per stand	R 45-00 per zoning certificate per stand
Demolition Certificate	R 42-00 per certificate per stand	R 45-00 per certificate per stand
Township Establishment	R 4897-00 application fee (applicant places all notices)	R 5190-00 application fee (applicant places all notices)
Zoning Plans	A4 - R 49-00 A3 - R 88-75	A4 - R 52-00 A3 - R 94-00
Building prints	Sepia A – R 133-00 A1 – R 83-00 Durester AO – R 133-00 A1 – R 100-00 Paper AO – R 56-00 A1 – R 49-00	Sepia A – R 141-00 A1 – R 88-00 Durester AO – R 141-00 A1 – R 106-00 Paper AO – R 59-00 A1 – R 52-00
Building Plan Fees	For every 10m ² or part thereof of the area of the building tat the level of each floor- R 37-00 with a minimum of R 297-00. Applications for a minor work as defined in the National Building regulations- R 212-00	For every 10m ² or part thereof of the area of the building tat the level of each floor- R 39-00 with a minimum of R 315-00. Applications for a minor work as defined in the National Building regulations- R 225-00

LEASING OF VENUES: TARIFFS 2013/14

IN ALL INSTANCES OF RENTAL, A REFUNDABLE DEPOSIT OF R 500-00 IS APPLICABLE

TYPE OF GATHERING PER GATHERING BETWEEN 08:00 – 24:00	O R TAMBO HALL	RUTH FIRST MEMORIAL LIBRARY AUDITORIUM	PETER NCHABALENG HALL	YOSUF DADOO HALL	EPHRIAM MOGALE STADIUM	LESEDING HALL	LESEDING STADIUM
Weddings, entertainment, fairs, sales, exhibitions, shows, cinema shows, concerts and dramatic performances by professional players, fetes, dinners, luncheons, cocktail parties, mannequin parades and any other gathering not mentioned in these tariffs.	R 1484	Not available	R 1484	R 1484	R 1484	R 1484	R 1484
Amateur theatricals or concerts, dancing displays and practice, amateur boxing or wrestling tournaments, table tennis or badminton matches, and any other indoor sport or recreation when admission is charged.	R 445	Not available	R 445	R 445	R 445	R 445	R 445
Conferences, congresses, bazaars, meetings and lecturers	R 445	R 445	R 445	R 445	R 445	R 445	R 445
Theatrical or concert rehearsals, dancing practices and classes, provided that no admission is charged and provided further that if the facility is required for a gathering which will be of greater financial benefit to the Council, any reservation of the facility under this group shall be deemed to be cancelled	R 445	Not available	R 445	R 445	Not available	R 445	Not available
Meetings by ratepayers associations, civic social and sporting bodies or clubs, debating or similar societies, political parties of elections, presentation of prizes, lectures of educational nature, religious services or gatherings	R 280	R 280	R 280	R 280	R 280	R 280	R 280
For fundraising purposes, churches, schools and other related bodies	R 280	Not available	R 280	R 280	R 280	R 280	R 280
Amateur boxing or wrestling tournaments, rugby, soccer and practices, table tennis or badminton tournaments or practices and any other indoor sport or recreation, provided that no admission is charged and provided further that if the facility is required for a gathering which will be of greater financial benefit to the Council, any reservations of the facility under this group shall be deemed to be cancelled.	R 297	Not available	R 297	R 297	R 297	R 297	R 297
Professional boxing, soccer, rugby, wrestling, cricket, athletics tournaments and music festivals	R4 049+ Refundable Deposit of R 500	Not applicable	R 4 049+ Refundable Deposit of R 500	Not applicable	R 8067 +Refundable Deposit of R 2000	Not applicable	Not applicable

Annexure I: Budget Related Policies

1. POLICY ON DEBT COLLECTION AND CREDIT CONTROL

PREAMBLE

Whereas Article 96 of the Municipal Systems Act, Act 32 of 2000, requires a Municipality to adopt, implement and maintain a credit control and debt management policy;

And whereas article 97 of the Municipal Systems Act specifies the contents of such a policy;

Hence the following policy is hereby adopted by the Council of the Modimolle Local Municipality:

1. DEFINITIONS

For the purposes of this policy, the wording or any expression will carry the same meaning as that as published in the Act unless it is specifically indicated to carry a different meaning:-

- 1.1 **"Act"** the Municipal Systems Act 2000, Act32 of 2000, as amended from time to time.
- 1.2 **"Authorised Representative"** the person or Institution who has been legally appointed by the Council to act on behalf of the Council or to carry out a function or duty on behalf of the Council.
- 1.3 **"Chief Financial Officer"** the person, appointed by the Council, in charge of the finances of Council irrespective of the title given to the post.
- 1.4 **"Client"** any occupant of a property to whom the Municipality has agreed to supply services to, or in the case where the occupant is not the owner, the owner of the property.
- 1.5 **"Council"** the Council of the Modimolle Local Municipality.
- 1.6 **"Defaulter"** a person who owes money to the Municipality after the due date has passed.
- 1.7 **"Engineer"** The person in charge of the Civil and Electrical Services of the Municipality.
- 1.8 **"Equipment"** a building or any other structure, pipe, pump, wiring, cable, meter, machine or any item of equipment.
- 1.9 **"Interest"** a cost that carries the same legal standing as Service Charges and is calculated, on arrear monies owing, at a rate as determined from time to time by the Council.
- 1.10 **"Municipal Account"** an account depicting the costs of services as provided by the Municipality or any authorised or contracted service provider and/or property rates in the form of, but not restricted to:-
 - (a) **"Annual Accounts"** raised annually and indicate charges raised for property rates, building clauses, availability charges, sewerage, refuse removal etc.
 - (b) **"Monthly Accounts"** raised monthly and indicate charges raised for property rates, building clauses, availability charges, sewerage, refuse removal etc.
- 1.11 **"Municipal Manager"** the person appointed in terms of Article 82 of the Municipal Structures Act 1998, Act 117 of 1998, including any person appointed in an acting position or to whom the necessary powers have been delegated.
- 1.12 **"Municipal Services"** the provision of services by the municipality such as water, electricity, refuse removal and sewerage for which a service charge is raised.
- 1.13 **"Municipality"** the institution responsible for service delivery and collecting monies for the Modimolle Local Municipality.
- 1.14 **"Occupant"** any person occupying any property or portion of property, without taking into consideration whether he/she is the owner of that property.

1.15 **“Owner”**

- (a) the person in whom from time to time is vested the legal title to premises;
- (b) in a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative”
- (c) in any case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises or a building thereon;
- (d) in the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof
- (e) in relation to –
 - (i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property, or
 - (ii) a section as defined in such Act, the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed agent of such a person”
- (f) any legal person including but not limited to:
 - (i) a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), Trust *inter vivos*, Trust *mortis causa*, a Closed Corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984), a Voluntary Association.
 - (ii) any Department of State.
 - (iii) any Council or Board established in terms of any legislation applicable to the Republic of South Africa.
 - (iv) any Embassy or other foreign entity.

1.16 **“Property”** any piece of ground where the borders have been demarcated within the boundaries of the Modimolle Local Municipality.

2. PURPOSE OF THE POLICY

The purpose of this policy is to :-

- 2.1 To create a framework wherein the Council can exercise their executive and legal authority with regards to credit control and debt collection;
- 2.2 To ensure that all monies due and owing to the municipality are collected in a financially viable manner in the best interests of the community, residents and ratepayers;
- 2.3 To create a framework for customer care and to ensure support for indigents;
- 2.4 To prescribe credit control measures and the order in which actions must be carried out;
- 2.5 To establish measures and procedures regarding credit control and debt collection;
- 2.6 To establish achievable goals for credit control and debt collection.

3. POLICY PRINCIPLES

- 3.1 The Administrative integrity of the municipality must be upheld at all times. The democratically elected councillors are responsible for formulating policy whilst the Municipal Manager is responsible to carry out the policy.
- 3.2 Consumers must complete an application form wherein the municipality is officially requested to connect them to service supply lines. Existing consumers may be required to complete new application forms as determined by the Municipal Manager from time to time.

- 3.3 Copies of application forms, conditions of service delivery, extracts from the credit control and debt collection policy and the by-law must be supplied on request by any consumer against the applicable tariff as determined by the Council from time to time where applicable.
- 3.4 Accounts must be despatched timeously and must be accurate and easily understandable.
- 3.5 The consumer is entitled to access to pay points and to a variety of trustworthy payment methods.
- 3.6 The consumer is entitled to a good, efficient and reasonable answer on enquiries/appeals and may not be prejudiced during the processing of such enquiry/appeal.
- 3.7 Measures to encourage payments must be applied effectively and efficiently.
- 3.8 The unauthorised use of, disconnection and reconnection, tampering with or the theft of meters, services supply equipment and the reticulation network and any fraudulent/unlawful action in connection with the provision of municipal services will result in the termination of services, the imposition of severe penalties, the forfeiture of rights and/or the prosecution of the defaulter.
- 3.9 Incentives as well as penalties may be used in the collection process.
- 3.10 The collection process must be cost effective.
- 3.11 Results must be reported and monitored regularly and efficiently.
- 3.12 Application forms will be used to categorise consumers according to their potential risk and to determine the level of service as well as the amount of deposit required.
- 3.13 Targets and goals regarding achievements must be set for both customer care as well as collections and corrective measures must be set for underperformance.
- 3.14 Where practically possible, the customer care and the debt collection policies must be applied independent of each other and must be indicated as separate entities on the organisational structure.
- 3.15 The principle of providing services in exchange for the payment of arrears is supported.

4. DUTIES AND RESPONSIBILITIES

- 4.1 Duties and responsibilities of Council:
 - (a) To adopt a budget in support of the Integrated Development Plan.
 - (b) To implement rates and tariffs charges, and to determine service charges, monies and penalties so as to finance the budget.
 - (c) To provide for enough funding so as to guarantee access to basic services to indigents.
 - (d) To make provision for bad debts according to the payment record of the community, ratepayers and residents as indicated in the financial statements of the municipality.
 - (e) To identify targets in the collection of arrears according to acceptable accounting practise and abilities of the Municipal Manager.
 - (f) To approve a reporting framework for customer care, credit control and debt collection.
 - (g) To approve a by-law that empowers Council to execute the policy.
 - (h) To monitor the performance of the Municipal Manager in the areas of customer care, credit control and debt collections by the regulating authority (Executive Committee).
 - (i) To revise the budget if the targets for customer care, credit control and debt collecting are not met.
 - (j) To take disciplinary steps against any Councillors, officials and agents who do not act in accordance to the Council's policy and by-law.
 - (k) To approve the list of attorneys appointed to represent the Council with legal matters regarding the collecting of arrears.
 - (l) To delegate sufficient authority to the Executive Committee, Municipal Manager and service providers in order to monitor and carry out the provisions of the Customer Care, Credit Control and Debt Collection Policy.

- (m) To ensure enough capacity exists in the relevant departments to carry out the provisions of the Customer Care, Credit Control and Debt Collection Policy or else to appoint suitably qualified collection agents as an alternative.
- (n) To support the Municipal manager in the execution of his/her duties.
- (o) To provide funds for the training of staff.

4.2 Duties and Responsibilities of the Mayor:

- (a) To ensure that the Council's budget, cash flow and targets/goals regarding debt collecting according to official policy and by-law is carried out and attained.
- (b) To monitor the performance of the Municipal Manager in the implementation of the policy and by-law.
- (c) To revise the policy and by-law so as to evaluate the effectiveness of procedures, mechanisms and processes in order to improve customer care, credit control and debt collecting.
- (d) To report to the Council.

4.3 Duties and Responsibilities of the Municipal Manager:

- (a) To implement good customer care management.
- (b) To implement the Council's policy regarding customer care, credit control and debt collection.
- (c) To implement and maintain an appropriate accounting system.
- (d) To send out accounts to clients.
- (e) To claim payments on due dates.
- (f) To raise penalties against non-payments.
- (g) To allocate payments that has been received.
- (h) To collect arrear monies.
- (i) To implement "best practises".
- (j) To provide a variety of payment methods.
- (k) To determine customer care, credit control and debt collection measures.
- (l) To determine work procedures for the following: public relations, arrangements, disconnection of services, summoning, attachment of assets, sales-in-execution, write-off of bad debts, sundry debtors and legal procedures.
- (m) To appoint a firm or firms of attorneys to carry out the legal process (i.e. the attachment of and sale-in-execution of assets, salary emolument orders etc).
- (n) To establish targets for staff.
- (o) To employ staff in accordance with the Council's staff policy to carry out the policy and by-law.
- (p) To delegate certain functions to department heads.
- (q) To determine control measures.
- (r) To monitor contracts with service providers collecting the arrears.

4.4 Duties and Responsibilities of Communities, Ratepayers and residents:

- (a) To comply with the responsibilities resulting from the use of public facilities and/or the use of and/or enjoyment of municipal services.
- (b) To pay timeously before the due date all service charges, property rates and other taxes, tariffs and charges as implemented by the municipality.

- (c) To obtain a duplicate municipal account from the enquiries counter when the original account does not arrive within the normal accounts cycle.
- (d) To notify the municipality when services are no longer required at a particular service point or when an address must be changed.
- (e) To respect the mechanisms and processes of the municipality when exercising their rights.
- (f) To grant reasonable access to municipal officials to their property in the proper execution of their duties.
- (g) To acknowledge the by-laws and policies of Council.
- (h) Not to tamper with municipal services and property.

4.5 Duties and Responsibilities of Councillors:

- (a) To hold regular ward meetings (Ward Committee Members).
- (b) To uphold the by-laws and policies of Council and to inform ratepayers and residents of these policies and by-laws.
- (c) To uphold the Code of Conduct for Councillor's.
- (d) To provide input regarding the applications received from prospective indigents.
- (e) As policy makers, to avoid interfering in the administrative processes.

5. REPORTING

- 5.1 If, in the opinion of the Chief Finance Officer, cash collections are not going to meet the projected budgeted targets, then this must be reported to the Municipal Manager. The Municipal Manager must, if he agrees with the Chief Finance Officer, immediately request that the budget be reviewed and adjusted to realistically collectable levels.
- 5.2 The Mayor, as supervisory authority, must report to the Council every quarter as required by section 99(c) of the Act.

6. CUSTOMER CARE

6.1 Accounts and Invoicing

- 6.1.1 Consumers are entitled to receive an invoice from the municipality that consolidates all services and which is accurate and understandable.
- 6.1.2 Accounts will correspond with the meter reading cycle and due dates will be linked to the dates of the invoices.
- 6.1.3 Accounts will be despatched monthly approximately every 30 days to the latest address of the consumer in the records of the municipality.
- 6.1.4 It is the responsibility of the consumer to ensure that his/her address and other contact details with the municipality are correct.
- 6.1.5 Should accounts not be received by a consumer, the responsibility to pay timeously still rests with the consumer.
- 6.1.6 The due date is indicated on the invoice and normally would be as follows:
 - (a) Monthly accounts are payable on or before the 7th day, or the first working day thereafter if the 7th falls on a weekend or public holiday, in the month following the month in which the account has been rendered.
 - (b) Accounts of Councillors and Staff can be deducted from their salaries.

- 6.1.7 If an account is not paid in full, any lesser amount paid will not be considered as full and final settlement.
- 6.1.8 If any payment by negotiable instrument to the municipality or its authorised agent is returned by the bank as unpaid:
 - (a) the municipality or its authorised agent may recover the bank charges regarding the unpaid item from the account of the debtor;
 - (b) the municipality or its authorised agent must regard this as a default payment and services may only be reconnected after receipt of cash or a bank guaranteed cheque.
 - (c) the municipality may insist that all future payments be made in cash only.
- 6.1.9 If so requested, the municipality, or its authorised agent, must produce a copy tax invoice where administratively possible against the tariff as determined by Council from time to time.

6.2 Payment facilities and methods of payments

- 6.2.1 The municipality must operate suitable and acceptable bank and cash facilities and must ensure that such facilities are accessible to all residents.
- 6.2.2 The municipality must, at its own discretion, allocate a payment between services fairly. A debtor who is in arrears may not specify how the monies paid on his/her account may be allocated between the various services.
- 6.2.3 The municipality may, in terms of Section 103 of the Act and with the permission of the debtor, approach an employer to arrange for a debit order to be placed on the debtor's salary.
- 6.2.4 The debtor must acknowledge that the use of agents to pay over monies owing to the municipality is at the risk of the debtor and he/she must take into consideration the time it will take for such payment to be paid over to the municipality. This acknowledgement should be enshrined in the payment arrangement.

6.3 Incentives for regular payments

- 6.3.1 In order to encourage regular and timeous payments and in order to reward regular payers, the Council may, from time-to-time, implement measures through which such timeous and regular payments are rewarded.
- 6.3.2 If such measures are implemented, the costs related to such a scheme will be reflected in the operating expenditure as an additional item.

6.4 Enquiries, disputes and service complaints

- 6.4.1 The municipality must make provision for the following within its administrative and financial powers:-
 - (a) Establish a centralised enquiries office;
 - (b) Establish a centralised database for complaints that facilitates the co-ordination of complaints, speed up solutions and to provide effective communication with customers;
 - (c) Introduce effective training of staff that deal with the public in order to improve service delivery and communication;
 - (d) Establish a line of communication with the Council to provide feedback on the implementation of this policy as well as other issues/problems.

- 6.4.2 If a consumer is convinced that his/her account is incorrect, then he/she can make representation to the Council in writing within 30 days after rendering such account to have the account investigated and where necessary effect the necessary adjustments.
- 6.4.3 Whilst the complaint is being investigated, the consumer must pay an amount based on an average of previous 3 months consumption if the history on that account is available. If no history is available then the consumer must pay an amount as given by the municipality, without prejudice, and before the due date until the matter is amicably resolved.
- 6.4.4 The applicable department must investigate the matter and inform the consumer of the outcome of such investigation within one month.
- 6.4.5 Lessees who do not make payment arrangements or payments, will be subject to normal credit control and debt collection procedures.
- 6.4.6 A debtor may lodge an appeal, with regard to the findings as per paragraph 6.4.4, against the municipality or the municipality's authorised agent.
- 6.4.7 An appeal, in terms of paragraph 6.4.6, must be lodged with the municipality within 21 (twenty-one) days after the findings of the investigation, in terms of paragraph 6.4.4, have been communicated to the debtor and must:-
 - (a) give a detailed explanation as to why the findings are rejected;
 - (b) supply any proof obtained indicating that the meter is faulty, where applicable.
- 6.4.8 In the event of a customer alleging that any meter is defective or inaccurate, the municipality may arrange for the meter to be tested at a fee payable by the customer. In the event that the test proves that the meter is defective, the municipality will reimburse the customer.

6.5 Customer Support Program

6.5.1 Water leaks:

- (a) If the leak is on the consumer's side of the meter, then the consumer is responsible for paying the account in full.
- (b) It is the responsibility of the consumer to control and monitor his/her consumption.

6.5.2 Rules for payment arrangements

Arrangement for extension for payment will be in the form of a written agreement between the municipality and the customer for the payment in regular and consecutive instalments of the outstanding balance, cost and interest thereon.

- An Acknowledgment of Debt must be completed, with all arrangements for paying off arrear accounts. Copy must be handed to client and one to be filed on debtors file.
- Only account holders with positive proof of identification or an authorised agent will be allowed to complete the Acknowledgement of Debt.
- Debit orders may be completed for the monthly payment of the agreed account as far as possible. If arrangement is dishonoured, the full balance will immediately become payable.
- Where cheques are returned, "Refer to Drawer", the full balance will immediately become payable. Services to such clients will be restricted/disconnected until the full amount is paid in cash or per bank guaranteed cheque.
- No person will be allowed to enter into a second agreement if the first agreement was dishonoured excepts in special merit cases.
- Where no arrangement was made and services are disconnected/restricted due to non-payment, it will only be restored upon payment of full outstanding balance or signing an Acknowledgement of Debt, subject to the following condition:

“if a customer is in arrears, he/she must make arrangements to remit the balance of the arrears in monthly instalments as agreed upon per month, subject thereto that a customer immediately after concluding the arrangement pay his/her current account in full in the subsequent month thereafter. All payments are to be made on or before the due date of each month. The accounts agreed upon will be paid within a period of 6 months”.

- Only the Chief Financial Officer, Division Manager; Income Accountant and Clerk: Debt Collection under delegated authority of the Municipal Manager may agree to extension for payment and these cases must be supported by documentary proof and previous payment record will be taken into consideration.
- Special merit cases will be referred to an extension committee comprising Chief Financial Officer, Divisional Manager: Income, Accountant: Income and Clerk: Debt Collection.

6.5.3 Rates and instalments:

- (a) Property rates and annual services must be paid in twelve equal instalments.

6.6 Subsidies for indigent consumers

- 6.6.1 A basic level of services will be supplied to households that qualify and who further earn a total monthly income equal to or less than the amount as determined by Council from time-to-time.
- 6.6.2 The funding of subsidies to indigents will be funded from the equitable share as received from National Government and budgeted for in the Council's annual budget.
- 6.6.3 The services that will be subsidised are rates, electricity, sewerage, refuse removal and water.
- 6.6.4 If the consumption or usage of water and electricity is less than the subsidised provision, the balance of the subsidised allocation of water for that month will not be carried over to the next month nor may the consumer apply for a credit or a cash refund in respect of the unused allocation.
- 6.6.5 If the consumption or usage of water and electricity exceeds the subsidised allocation, the consumer will be liable to pay for the excess consumption or usage against the applicable tariff as published in the annual tariffs.
- 6.6.6 In order to restrict the increase in the debt of indigent consumers, the consumption of all recipients of the indigent grant will be restricted.
- 6.6.7 Where the account of a consumer who qualifies for an indigent grant is fully paid up or where the account is regularly settled in full, the Chief Financial Officer may exempt him/her from the restriction on consumption.
- 6.6.8 Where a consumer's personal circumstances improve to the extent that he/she no longer qualifies for the indigent grant, he/she must apply to be deregistered.
- 6.6.9 An indigent consumer can apply to be deregistered at any time.
- 6.6.10 A list of indigent consumers will be compiled and available to the general public (only erf numbers and recipients).

6.7 Consumer's Categories

- 6.7.1 Consumers will be classified into special categories which will make provision for the type of business, applicable tariff and the risk associated with service delivery. Credit control proce-

dures, debt collection and customer care may differ between categories as determined by the Municipal Manager from time-to-time.

7. CREDIT CONTROL POLICY

7.1 Aim

- 7.1.1 To implement procedures that will reach targets set for the collection of debt, to achieve service delivery targets and the prevention of the escalation of existing debt.
- 7.1.2 To facilitate financial support in the provision of basic services for the indigent members of the community.
- 7.1.3 To provide motivation for the timeous payment of accounts.
- 7.1.4 To reduce risk through effective management aids and reporting.

7.2 Service requests and agreements

- 7.2.1 It will be requirement for all consumers of services to sign an agreement so as to regulate the delivery and costs of providing the service. Owners may allow a lessee to enter into a separate agreement with the municipality which the municipality may accept. Should such a lessee not pay his/her account, the owner of the property will become liable for such debt except where the owner of the property is the municipality.
- 7.2.2 Before signing such an agreement with the municipality, the owner/lessee is entitled to receive the policy document from the municipality.
- 7.2.3 At the signing of the agreement, the owner or lessee must receive a copy thereof.
- 7.2.4 In the agreement, consumers will make themselves liable for collection costs, interest and fines through non-payment.
- 7.2.5 Existing consumers will be required to sign new service delivery agreements as determined by the Municipal Manager from time-to-time.
- 7.2.6 Should a consumer not sign such an agreement with the municipality or to provide security in terms of paragraph 8.6, the municipality may:
 - (a) hold that particular consumer liable for all debt incurred at that property; and/or
 - (b) restrict or terminate the services.

7.3 Right Of Access To Property

- 7.3.1 The owner or occupier of a property must provide any authorised municipal official with access, at a reasonable time, to his/her property in order to read any meter, undertake an inspection, repair or to connect, suspend, restrict or reconnect the supply of the service.
- 7.3.2 The owner will be held responsible for the repositioning of any meter should reasonable access be denied.
- 7.3.3 Should a person fail to comply with any of the requirements, the municipality or its authorised agent may :-
 - (a) notify such person by means of a written notice to restore access within a specific time period at his/her own costs;
 - (b) in urgent cases, restore access at the expense of the owner without prior notice immediately.

7.4 Enforcement Measures

- 7.4.1 Interest may be charged, in terms of applicable legislation, as a cost on all accounts not paid by the due date.
- 7.4.2 The municipality reserves the right to restrict or suspend services, or to carry out any debt collection as a result of late payments or non-payments of accounts by any consumer, owner or property.

7.5 Theft and fraud

- 7.5.1 If it is found that any person (natural or juristic) unlawfully connects or reconnects to the municipal supply, or that he/she has tampered with the meters, reticulation network or any other equipment belonging to the municipality, or has carried out any unauthorised service associated with the delivering of services by the municipality, or has stolen or damaged municipal property, will be prosecuted or held responsible for fines as determined from time-to-time.
- 7.5.2 The municipality will immediately suspend the services or remove the service should any of the above be brought to their attention.
- 7.5.3 The total amount that is due and outstanding, including fines, interest, estimated consumption of unauthorised services, disconnection and reconnection fees as well as any increased deposit amount is payable in full before any reconnection can be considered.
- 7.5.4 The municipality will implement a monitoring system and identify teams that will trace and monitor consumers conducting any of the above offences.
- 7.5.5 An official complaint of both vandalism and theft will be lodged with the police and the municipality reserves the right to take any further legal steps against such consumers as it deems necessary.
- 7.5.6 The municipal services of any person found withholding information or giving false information in the above regard can have their supply terminated.

7.6 Selection Of Clients And Security

- 7.6.1 The credit worthiness of all applicants for municipal services may be investigated which may include information from banks, credit bureaus, local authorities, retail creditors and employers.
- 7.6.2 Security deposits, whether in cash or in any other form acceptable to the municipality, will be accepted and can vary according to the risk involved.
- 7.6.3 The municipality may increase the level of deposits at its sole discretion.
- 7.6.4 Deposits may vary according to the credit worthiness or legal classification of the applicant, subject to the minimum requirements of paragraph 8.6.2.
- 7.6.5 The municipality will not pay interest on deposits.
- 7.6.6 The amount of the deposit, less any outstanding amount due to the municipality, will be refunded at the termination of the agreement between the owner and the municipality.

7.7 Tenders Submitted To The Municipality

- 7.7.1 The procurement policy and tender conditions of the municipality must include the following :-

- (a) When tenders for the provision of services or for the delivery of goods are requested, potential suppliers will be subject to the provision that they will declare to the municipality that all monies owing to the municipality have either been paid in full or an acceptable arrangement (subject to offset being applied through default on the terms of the contract) has been made to pay off the balance owing subject to the terms and conditions of this policy. Such monies owing will be by the company submitting the tender, its directors, owners and/or partners.
- (b) No tender will be awarded where monies are owing without an acceptable payment arrangement has been concluded. No further debt may be allowed to accumulate during the contract period.
- (c) Tender conditions must include a clause allowing the municipality to deduct any monies owing to the municipality from the monies owing to the company/supplier in terms of the tender.

7.8 Collection Costs

- 7.8.1 All costs for legal procedures, including interest, fines, termination of service, costs and legal costs with regard to customer care or credit control, where applicable, will be debited to the account of the consumer and must reflect the actual costs involved.

7.9 Prepaid Meter System

- 7.9.1 The municipality will use the prepaid meter system for :-
 - (a) the provision of electricity as a means of pre-purchasing electricity units;
 - (b) to allocate monies through the purchase of prepaid electricity units towards the payment of arrears in respect of rates, water, sanitation, refuse removal and sewerage.

8. DEBT COLLECTION POLICY

8.1 AIM

To make provision for measures and procedures for the collection of all arrears owing to the municipality emanating from the provision of services and annual levies in order to ensure the financial sustainability of the municipality and service delivery in the best interests of the community.

8.2 Personal Contact

- 8.2.1 Personal/telephonic/ Agent interaction
 - (a) The municipality, or its agent, shall strive to, within the confines of affordability, contact all arrear debtors so as to encourage them to pay and to inform them of their arrear status and their legal rights regarding making a payment arrangement, applying for indigent assistance or any other mechanism available as from time-to-time.
 - (b) Such contact, between the municipality or its agent and the debtor, is not a right to which the debtor is entitled and the collection of arrears through actions and measures will continue for whatever reason in the absence of such contact.

8.3 Service Interruptions

- 8.3.1 Consumers with arrear municipal accounts and who have not made payment arrangements with the municipality, will have their water, electricity and access to other municipal services disconnected, restricted or suspended.
- 8.3.2 The municipality reserves the right to deny or restrict the sale of electricity and/or water to debtors with rates and other service in arrears.
- 8.3.3 On the payment of arrears, including all fines, interest and penalties raised in terms of paragraph 8.3.4 and 8.3.5, or through the concluding of an acceptable payment arrangement, services will be resumed as soon as is humanly possible.
- 8.3.4 The cost of restricting or disconnection, including reconnection, will be determined by the tariffs as approved by the Council and will become due and payable by the consumer.
- 8.3.5 The deposit of a defaulter will be adjusted accordingly in accordance with the applicable policy of the Council.

8.4 Legal procedures

(Use of attorneys/Use of credit Bureaus)

- 8.4.1 Where a debtor is in arrears with his/her account, the municipality can institute legal proceedings against the debtor. These proceedings are not restricted to, but can include the following steps: final warnings; summonses; court proceedings; fines; attachment orders and as a last resort, a sale-in-execution.
- 8.4.2 The municipality must exercise strong control over the legal process so as to ensure accuracy and legality and will require regular reports reflecting progress made from the person in charge of the collections from whoever has been appointed by the Council to carry out the collections.
- 8.4.3 The municipality will agree on procedures and processes with such collection agents.
- 8.4.4 Administrative orders for persons who are employed will be preferable to sales-in-execution although both actions form part of the municipality's collection procedures.
- 8.4.5 All steps taken in the collection process will be recorded for the municipality's as well as the debtor's information.
- 8.4.6 All costs incurred in the collection process are for the account of the debtor.
- 8.4.7 Individual debtor's accounts are confidential and not for general public knowledge. Such information can, however, be made available to Credit Bureaus by the municipality. Such disclosure will be in the form of a written notification and protection of this info will be embodied in the agreement drawn up between the municipality and its customers.
- 8.4.8 The municipality may reconsider the cost effectiveness of this process and report to the executive committee on all aspects regarding this process.
- 8.4.9 On the recommendation of the Municipal Manager, Council may consider the use of agents and latest debt collection practises and products. Cost efficiency, the willingness of collection agents to work within the acceptable codes of conduct and the welfare of such agents and products will all form part of the agreement entered into by the Council.
- 8.4.10 Consumers will be informed of the powers and rights of collection agents as well as their responsibilities regarding codes of conduct.

- 8.4.11 Any agreement entered into between the Council and a collection agent must include a clause stating that any breach of any of the clauses of the agreement will result in such agreement being terminated.

8.5 Non-Collection Of Debts

- 8.5.1 The Municipal Manager must ensure that all avenues are pursued to collect all monies owing to the municipality.
- 8.5.2 There are circumstances, such as Section 109(2) of the Act where under collection processes can be suspended such as:-
- (a) When the debtor is declared insolvent and his/her estate does not have enough money to liquidate his/her debts;
 - (b) A balance that is so small as to make collection costs unviable;
 - (c) Where the Council is of the opinion that the debtor or group of debtors is/are not in a position to pay their debt.
- 8.5.3 An audit trail will be retained in all the above cases stating reasons why these monies are not being collected by the municipality.

9. PROVISION FOR BAD DEBT

- 9.1 The objective for the provision of bad debt is to make a realistic provision annually in the Revenue Budget to cater for charges raised in terms of the budget that cannot be collected.
- 9.2 The calculation of the provision for bad debt will be based on an extract of Council's debtors' book as at the last day of the financial year.
- 9.3 The extract of Council's debtors' book must reflect detailed ageing of the debt within the following debt categories:-
- (a) Debt per service; and
 - (b) Debt per type of debtor.
- 9.4 A provision for bad debt amount will be calculated in terms of each of the abovementioned categories and will be submitted to the Chief Financial Officer for consideration of the provision amount to be included in the Revenue Budget.
- 9.5 The provision for bad debt amount will be an accumulative expression of a percentage of the amount of the debt occurrence at a certain ageing category and an amount that represents an accumulation of individual debt amounts.
- 9.6 When calculating the provision for bad debt in terms of the debt per service category the following must be considered:-
- (a) The probability of the ageing of the debt.
 - (b) The payment trend of each of the services billed.
 - (c) The probability of recovery between the different types of services. The probability of recovering property rates versus the recovery of other services in the same ageing occurrence will be higher, as property rates is a tax and only prescribes after 30 (thirty) years in terms of relevant legislation.
- 9.7 When calculating the provision for bad debt in terms of the debt per type of debt category the following must be:-

- (a) The probability of the ageing of the debt.
 - (b) The debt as per the following debtor groups identified considered (note that the type of debtors that make up the groups below will be those as detailed in the financial management system at the time of the date extraction):-
 - (i) Domestic;
 - (ii) Business;
 - (iii) Government departments;
 - (iv) Municipal staff and Councillors;
 - (v) Other debtors.
 - (c) The debt on the following debt groups are to be excluded from the provision calculation, as the debt is deemed to be collectable:-
 - (i) Government departments;
 - (ii) Municipal staff and Councillors;
 - (d) The debt on the following debt groups are to be fully provided for in the provision calculation, as the debt is deemed to be not collectable:-
 - (i) Indigent debtors;
 - (ii) Debtors under administration;
 - (iii) Insolvent and liquidated estates;
 - (iv) Deceased indigent estates;
 - (v) Informal settlements;
 - (vi) Debt that has prescribed;
 - (vii) Uncollectable business debt after legal action;
 - (viii) Uncollectable domestic debt after legal action.
 - (e) The payment trend of each of the debtor groups.
 - (f) When determining the provision percentages on domestic debtors the demographics of the municipal area must be taken into account, as the probability of recovery of debt will be higher in the high income suburbs as compared to the recovery of debt in the low income suburbs.
- 9.8 The provision for bad debt is based on the likelihood of non-payment. In order to determine this likelihood of payment or not, each debtor needs to be evaluated separately and categorised based on the degree of payment expectancy.
- 9.9 The evaluation of a debtor is firstly based on payment history, prior to the effective date of provision and secondly on the payment history during the period immediately after the effective date of provision.
- 9.10 The evaluation process is discussed below:-
- (a) **Historical review**
 - (i) Likely payers - All debtors, regardless of age or amount, who have made payments during each of the six payment periods/months prior to the effective date of provision, will be cate-

gorised as **debtors likely to pay** and no provision for bad debts will be made on these accounts.

- (ii) Possible payers – All debtors, regardless of age or amount, who have made at least one payment within the six payment periods/months prior to the effective date of provision, will be categorised as **possible payers** and no provision for bad debts will be made on these accounts.
- (iii) Likely not to pay – All debtors, regardless of age or amount, who have not made any payments during any of the six payment periods/months prior to the effective date of provision, will be categorised as **debtors unlikely to pay** and the full amount of the outstanding debt will be provided under the provision for bad debts.

(b) Current review

- (i) Likely payers – All debtors, regardless of the categorisation under the historical review, who have made payments or signed an agreement to pay, during each of the payment periods/months after the effective date of provision, will be categorised as **debtors likely to pay** and no provision for bad debts will be made on these accounts.
- (ii) Possible payers – All debtors previously categorised under (9)(a)(i) or (9)(a)(ii), who have made payments or signed an arrangement to pay, during any of the payment periods/months after the effective date of provision, will be categorised as **possible payers** and no provision for bad debts will be made on these accounts.
- (iii) Likely not to pay (1) – All debtors previously categorised under (9)(a)(iii), who have not made payments during each of the payment periods/months after the effective date of provision, will still be categorised as **debtors unlikely to pay** and the full amount outstanding on their accounts will be provided under the provision for bad debts.
- (iv) Likely not to pay (2) – All debtors previously categorised under (9)(a)(i) or (9)(a)(ii), who have made no payments during any of the payment periods/months after the effective date of provision, will also be categorised as **debtors unlikely to pay** and the full amount outstanding on their accounts will be provided under the provision for bad debts.

10. SHORT TITLE

This policy will be known as the Credit Control and Debt Collection Policy of the Modimolle Local Municipality.

2. **VIREMENT POLICY**

1. **PREAMBLE**

The Modimolle Local Municipality strives to manage its resources diligently. The municipality therefore is moving away from the traditional approach of appropriating/approving budgets by line item.

2. **VISION**

To be a municipality that manages its budget in terms of the latest legislation and updated policies.

3. **MISSION**

To have a Virement policy in place that provide clear guidance to managers when and how to move funds between items, projects, programmes and votes.

4. **DEFINITIONS AND ABBREVIATIONS**

4.1 **Definitions**

- (i) ***Accounting officer***
The municipal manager of a municipality is the accounting officer of the municipality in terms of section 60 of the MFMA.
- (ii) ***Approved budget***
Means an annual budget approved by a municipal council.
- (iii) ***Budget-related policy***
Means a policy of a municipality affecting or affected by the annual budget of the municipality.
- (iv) ***Chief financial officer***
Means a person designated in terms of the MFMA who performs such budgeting and other duties as may in terms of section 79 of the MFMA be delegated by the accounting officer to the chief financial officer.
- (v) ***Capital budget***
This is the estimated amount for capital items in a given fiscal period. Capital items are fixed assets such as facilities and equipment, the cost of which is normally written off over a number of fiscal periods.
- (vi) ***Council***
Means the council of a municipality referred to in section 18 of the Municipal Structures Act.
- (vii) ***Financial year***
Means a 12 month year ending on 30 June.
- (viii) ***Line item***
An appropriation that is itemized on a separate line in a budget adopted with the idea of a greater control over expenditures.
- (ix) ***Operating budget***
The Municipality's financial plan, which proposes expenditures for the coming financial year and estimates the revenues used to finance them.
- (x) ***Ring fenced***
An exclusive combination of line items grouped for specific purposes for instance salaries and wages.
- (xi) ***Service delivery and budget implementation plan***

Means a detailed plan approved by the mayor of a municipality in terms of section 53(1) (c) (ii) for implementing the municipality's delivery of municipal services its annual budget and the Integrated Development Plan

(xii) **Virement**

Is the process of transferring an approved budget allocation from one operating line item of capital project to another, with the approval of the relevant Manager. To enable the budget managers to amend budgets in the light of experience or to reflect anticipated changes.

(xiii) **Vote**

Means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments or functional areas of the municipality; and which specifies the total amounts that is appropriated for the purposes of the department or functional area concerned.

4.2 Abbreviations

1.	CFO	-	Chief Financial Officer
2.	IDP	-	Integrated Development Plan
3.	MFMA	-	Municipal Finance Management Act No 56 of 2003
4.	MLM	-	Modimolle Local Municipality
5.	SDBIP	-	Service delivery and budget implementation plan
6.	CM	-	Council Minute's
7.	EXCO		Executive Committee

5. LEGAL FRAMEWORK

Constitution of RSA.

Municipal Systems Act no 32 of 2000.

Municipal Finance Management Act no 56 of 2003.

Municipal Budget and Reporting Regulations. GG32141 of 2009

National Treasury: MFMA Circular No 13 – Service Delivery and Budget Implementation Plan.

National Treasury: MFMA Circular No 51 – Municipal Budget Circular for 2010/11 MTREF.

6. SCOPE OF APPLICATIONS

The policy is applicable to all employees and Councillors of Modimolle Local Municipality.

7. OBJECTIVE

To allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

8. PRINCIPLES

- 8.1 Virements should not be permitted in relation to the revenue side of the budget;
- 8.2 Virements between votes should be permitted where the proposed shifts in funding facilitate sound risk and financial management (e.g. the management of central insurance funds and insurance claims from separate votes);
- 8.3 Virements from the capital budget to the operating budget should not be permitted;
- 8.4 Virements towards personnel expenditure should not be permitted;

- 8.5 Virements to or from the following items should not be permitted: bulk purchases; debt impairment, interest charges; depreciation, grants to individuals, revenue foregone, insurance and VAT;
- 8.6 Virements should not result in adding 'new' projects to the Capital Budget;
- 8.7 Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted; and
- 8.8 There should be prudent limits on the amount of funds that may be moved to and from votes and sub-votes

9. CONTENTS

9.1 Virement Clarification

Virement is the process of transferring budgeted funds from one line item number to another, with the approval of the relevant Manager and CFO, to enable budget managers to amend budgets in the lights of experience or to reflect anticipated changes. (Section 28 (2) (c) MFMA).

9.2 Financial Responsibilities

- 9.2.1 Strict budgetary control must be maintained throughout the financial year in order that potential overspends and/or income under-recovery within individual vote departments is identified at the earliest possible opportunity (Section 100 MFMA).
- 9.2.2 The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. The budget virement process is one of these controls (Section 24(4) MFMA).
- 9.2.3 It is the responsibility of each manager or head of department or activity to which funds are allotted, to plan and conduct assigned operations so as not to expend more funds than budgeted. In addition, they have the responsibility to identify and report any irregular or fruitless and wasteful expenditure in terms of the MFMA section 78 and 102.
- 9.2.4 A copy of all budget transfer forms must be kept in the virement file, together with any supporting workings/e-mails by the Divisional Manager Budget and Reporting
- 9.2.5 Request for transfers of fund shall be done beforehand and not afterwards. In the case where the expenditure is authorized afterwards, the actions of the S57 manager will have to be condoned by Council. The council will have to consider the provisions of the MFMA regarding Unauthorized Expenditure and Irregular Expenditure.

9.3 Virement Restrictions

- 9.3.1 No funds may be transferred between votes without approval of both vote holders and the CFO and the Municipal Manager and Council.
- 9.3.2 A Virement may not create new policy, significantly vary current policy, or alter the approved outcomes/outputs as approved in the IDP for the current or subsequent years. (Section 19 and 21 MFMA)
- 9.3.3 Virements resulting in adjustments to the approved SDBIP need to be submitted with an adjustment budget to the Council with altered outputs and measurements for approval (MFMA Circular 13 page 3 paragraph 3)
- 9.3.4 No virement may commit the Municipality to increase recurrent expenditure, which commits the Council's resources in the following financial year, without the prior ap-

- proval of the Council.(This refers to expenditure such as entering into agreements into lease or rental agreements such as vehicles, photo copiers or fax machines)
- 9.3.5 No virement may be made where it would result in over expenditure.
(Section 32 MFMA)
- 9.3.6 No virement shall add to the establishment of the Municipality without the approval of Municipal Manager.
- 9.3.7 If the virement relates to an increase in the work force establishment, then the Council's existing recruitment policies and procedures will apply.
- 9.3.8 Virements may not be made in respect of ring-fenced allocations. E.g. this means virements may not be made from personnel expenditure to other operating expenditure and vice versa.
- 9.3.9 Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework is not permitted.
- 9.3.10 Budget transfers to or from the following items are not permitted: bulk purchases, debt impairment, interest charges, salaries, support service (interdepartmental) costs, capital financing, depreciation, contributions, insurance and VAT.
- 9.3.11 No virement may be made to entertainment votes or for catering above what was originally budgeted.
- 9.3.12. Virements may not exceed a maximum of 10% of the line item on the approved capital expenditure budget.
- 9.3.13 Virements may not exceed a maximum of 15% of the line item on the approved operating expenditure budget.
- 9.3.14 Virements in capital budget allocations are only permitted within specified action plans and not across funding sources.
- 9.3.15 No virements shall create new capital projects without approval of Council.
- 9.3.16 Virements from the capital budget to the operating budget are not permitted.
- 9.3.17 No virements are permitted in the first three months or the final month of the financial year without the express agreement of the CFO and the Municipal Manager and then only in extreme circumstances.
- 9.3.18 Virement amounts may not be rolled over to subsequent years, or create expectations on following budgets (Section 30 MFMA).
- 9.3.19 An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement/supply chain management policy of Council as periodically reviewed.
- 9.3.20 Virements are not permitted in relation to the revenue side of the budget.

9.4 **Breakdown Of Votes**

For the purpose of the capital and operating budget, the following is classified as votes:

Executive and Council
Budget and Treasury
Social Services
Corporate Services
Technical Services
Planning Department
And any other department as may be approved by Council.

9.5. **Virement Procedure**

- 9.5.1 All virement proposals must be completed on the appropriate documentation and forwarded to the Divisional Manager Budget and Reporting for checking, after which it is submitted to the CFO and MM for approval and the back to the Divisional Manager Budget and Reporting for implementation.
- 9.5.2 All virements must be signed by the Manager within which the vote is allocated. (Section 79 MFMA)
- 9.5.3 A virement form (Budget Transfer Form) must be completed for all Budget Transfers.
- 9.5.4 All virements require the recommendation of the CFO and the Approval of the Municipal Manager. (Section 79 MFMA)
- 9.5.5 All virements must include changes to the SDBIP, especially on the capital works plan of projects.
- 9.5.6 All documentation must be in order and approved before any expenditure (including the order) can be committed or incurred.(Section 79 MFMA)

9.6 Delegations on Capital Budgets

A Capital Budget is approved per line items or per project. This in effect means that council does not allow any discretion to an official other than delivering on the decision. Any saving or shortfall must be reported to council for them to decide on the future utilization of the savings as well as to seek additional funds for the execution of a project in the case of a shortfall in the budgeted amount to complete the project. If however, a transfer is needed between two projects within the same priority/department and the transfer is less than 10% of the voted, this can be done with the approval of the Municipal Manager.

9.7. Delegations On Transfers

A vote in terms of the National guidelines is determined as one of the main segments into which a budget of a municipality is divided into for the appropriation of funds. In MLM, a vote is a Department in the operating and capital budget and the Municipal Manager can only be delegated to approve shifting of funds within a department. As far as the reallocation of funds between departments is concerned, it cannot be delegated and Council has to decide on these items in the Adjustment Budget annually.

10. IMPLEMENTATION

This policy will be implemented and become effective once recommended by the EXCO and approved by Council.

11. COMMUNICATION

This policy will be communicated to all Municipal Councilors and managers using the full range of communication methods available to the municipality.

12. BUDGET AND RESOURCES

The financial and resource implications will be considered as a in house expenditure

13. ROLES AND RESPONSIBILITIES

- 13.1 The line manager requesting the budget transfer complete Page 1 of the Budget Transfer Form obtained from the Divisional Manager: Budget and Reporting and submit to the manager for recommendation.
- 13.2 The Divisional Manager: Budget and Reporting process the applications by verifying the vote numbers and budgets available.
- 13.3 The form goes to the CFO for approval
- 13.4 After the CFO approved the application the MM gives the final approval.
- 13.5 The Divisional Manager: Budget and Reporting captures the application on the financial system.

14. RECORD KEEPING

All Budget Transfer Forms will be filled in the Budget and Reporting Office.

15. DISPUTE RESOLUTION

Any dispute arising from the application for a Virement will be referred to the CFO.

16. PENALTIES

Non-compliance to any of the stipulation contained in this policy will be regarded as misconduct, which will be dealt with in terms of the Disciplinary Code.

17. POLICY REVIEW

This policy will be reviewed annually and revised as necessary.

18. ANNEXURES

Budget transfer form.

3. INVESTMENT POLICY

1. PREAMBLE

The purpose of the policy is to ensure that all investments made by Modimolle Local Municipality (MLM) comply with the Investment Regulations issued by National Treasury in terms of the Municipal Finance Management Act No 56 of 2003.

Council needs to ensure that monies not immediately required are invested to obtain fair returns without compromising provision of basic municipal services, the safety of the surplus cash invested and liquidity.

2. OBJECTIVE

The objectives of the policy are as follows

- Ensuring that cash resources are managed effectively and efficiently.
- Ensuring that investments are placed with reputable institutions for the purpose of capital investments and diversification of the Investment Portfolio.
- Ensuring that adequate liquidity is maintained at all times for management of cash flows.
- Ensuring that MLM receives optimal interest on its investments with financial institutions at minimal risk.

3. SCOPE OF APPLICATION

This policy is applicable to the Council, Accounting Officer, Chief Financial Officer and employees of MLM who have been delegated with the authority by the Accounting Officer to invest the funds of MLM.

This policy will also be applicable to any investment manager who acts on behalf of, or assists MLM or municipal entity in managing its investments.

4. DEFINITIONS

Accounting Officer	-	Municipal Manager of MLM
Chief Financial Officer	-	A person designated in terms of section 80(2)(a) of the MFMA
Councillor	-	Member of MLM Municipal Council;
Delegation	-	In relation to a duty, includes an instruction or request to perform or to assist in performing the duty;
Investment	-	In relation to funds of a municipality, means— (a) the placing on deposit of funds of a municipality with a financial institution; or (b) the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

Investment manager	-	<p>A natural person or legal entity that is a portfolio manager registered in terms of the Financial Markets Control Act, No 55 of 1989, and Stock Exchanges Control Act, No 1 of 1985, contracted by MLM to:</p> <ul style="list-style-type: none"> - advise on investments; or - manage investments on its behalf. Investment Regulations-The Regulations as prescribed under the MFMA through Government Gazette No 27431 dated 1 April 2005
Liquidity	-	The financial ability of MLM to service its debts when falling due.
Long-term investment	-	Any cash or liquid securities owned by MLM which have a maturity date that is greater than one year.
MFMA	-	The Local Government: Municipal Finance Management Act, No 56 of 2003
Municipal Manager	-	A person appointed by the Municipality in terms of Section 82 of the Municipal Structures Act, and who is the Head of Administration and also the Accounting Officer for the Municipality.
Primary bank account	-	A bank account referred to in section 8(1) of the MFMA;
Short-term investment	-	Any cash or liquid securities owned by MLM which have a maturity date that is equal to or less than one year.
Standards of Generally Recognized Accounting Practice –		An accounting practice complying with standards applicable to municipalities or municipal entities and issued in terms of Chapter 11 of the Public Finance Management Act;
MLM	-	Modimolle Local Municipality as established in terms of the Municipal Structures Act 117 of 1998.

5. LEGISLATIVE REQUIREMENTS

In terms of MFMA section 7(3), a municipality may not open a bank account—

(a) abroad;

- (b) with an institution not registered as a bank in terms of the Banks Act, 1990 (Act No. 94 of 1990); or
- (c) otherwise than in the name of the municipality.

In terms of MFMA Section 13:

- (1) The Minister, acting with the concurrence of the Cabinet member responsible for local government, may prescribe a framework within which municipalities must—
 - (a) conduct their cash management and investments; and
 - (b) invest money not immediately required.
- (2) A municipality must establish an appropriate and effective cash management and investment policy in accordance with any framework that may be prescribed in terms of subsection (1).

National Treasury, through Government Gazette No 27431, published Municipal Investment Regulations, which municipalities were required to apply as guidelines when preparing a Cash Management and Investment Policy with effect from 1 April 2005.

6. AUTHORITY

In terms of MFMA section 10

- (1) The accounting officer of a municipality—
 - (a) must administer all the municipality's bank accounts, including a bank account referred to in section 12 or 48(2)(d);
 - (b) is accountable to the municipal council for the municipality's bank accounts;
- (2) The accounting officer may delegate the duties referred to in subsection (1)(c) to the municipality's chief financial officer only.

In terms of MFMA section 11(1), only the accounting officer or the chief financial officer of a municipality, or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts for cash management and investment purposes in accordance with section 13;

The delegation to the Chief Financial officer or any other senior financial officials of the municipality will be in terms of Section 79 of the MFMA and Section 59 of Local Government: Municipal Systems Act No 32 of 2000.

The Municipal Council is vested with the authority to make long-term investments in terms of Section 48 of the MFMA.

7. STANDARD OF CARE TO BE EXERCISED

Investments –

- a) must be made with such judgment and care, under the prevailing circumstances, as a person of prudence, discretion and intelligence would exercise in the management of that person's own affairs;
- b) may not be made for speculation but must be a genuine investment, and
- c) must in the first instance be made with primary regard being to the probable safety of the investment, in the second instance to the liquidity needs of the municipality or municipal entity and lastly to the probable income (yield) derived from the investment.
- d) Investments must be placed with institutions listed in paragraph 8 below.

8. PERMITTED INVESTMENTS

The following are permitted investments:

- a. securities issued by the national government,
- b. listed corporate bonds with an investment grade rating from a nationally or internationally recognized credit rating agency,
- c. deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990),
- d. deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act No. 45 of 1984),
- e. deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act No. 46 of 1984),
- f. banker's acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 1990,
- g. guaranteed endowment policies with the intention of establishing a sinking fund,
- h. repurchase agreements with banks registered in terms of the Banks Act, 1990,
- i. municipal bonds issued by a municipality, and
- j. any other investment type as the Minister may identify by regulation in terms of section 168 of the MFMA, in consultation with the Financial Services Board.

9. INVESTMENTS DENOMINATED IN FOREIGN CURRENCIES PROHIBITED

An investment can only be made if the investment is denominated in Rand and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

10. PAYMENT OF COMMISSION

- i. No fee, commission or other reward may be paid to a councillor or official or to a spouse or close family member of such councillor or official in respect of any investment made.
- ii. If Council pays any fee, commission or other reward to an investment manager in respect of any investment made, both Council and the investment manager must declare such payment to council by way of a certificate disclosing full details of the payment.

11. PROCEDURES FOR INVESTING FUNDS

- a) Quotations should be obtained from at least 3 financial institutions for the term for which the investment is placed. In the event of one of the financial institutions offering a more beneficial rate for an alternative term, the other institutions should be invited to quote on the alternative term as well.

- b) Upon maturity of an investment, the bank balance is obtained. Future commitments are determined and any money in excess of **R 10 million** that is not required immediately should be invested.
- c) Investments should be reinvested within 24 hours after maturing.
- d) Written quotations must be obtained from the list of qualified institutions. Interest rates from one institution may not be disclosed to another institution.
- e) The period of investment should be determined in accordance with the liquidity needs and maturity dates of other investments.
- f) The investments of MLM should be spread over multiple qualified institutions as a method of decreasing exposure risk.
- g) The factors taken into account when deciding on an investment thus is the liquidity needs of MLM ensuring that the investment maturity dates are spread over time, the interest rates of various institutions and the total amount invested with the various qualified institutions.
- h) The quotation sheet must be authorized by the Chief Financial Officer or Municipal Manager.
- i) Once an investment is made a certificate or written confirmation must be obtained from the financial institution.
- j) the following functions must be carried out on a monthly basis or as the investment matures:
 - I. Obtain statements on a monthly basis regarding the investments from the relevant financial institutions.
 - II. Interest must be recalculated so as to ensure that it agrees to the rates per the statements.
 - III. Interest received must be captured on the financial system and reconciled to the investment register and general ledger.
 - IV. The investment register must be updated on a monthly basis.

12. PROCEDURES FOR WITHDRAWING INVESTMENTS

- a) The councils liquidity needs must be assessed by the Chief Financial Officer before any investments are withdrawn.
- b) Only the accounting officer or the chief financial officer of the municipality, or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorize the withdrawal of money from any investment account.
- c) The financial institution must be informed in writing, on a MLM letterhead, with the following information on it:
 - I. The financial institutions name and address
 - II. The investments number.
 - III. The amount being withdrawn.
 - IV. The effective date.
 - V. The signatures of the authorized officials.
- d) All investments being withdrawn must be paid into the primary bank account of MLM.

13. REPORTING REQUIREMENTS

- 1. The Municipal Manager must within 10 working days of the end of each month, as part of the section 71 report required by the MFMA, submit to the Mayor a report describing in accordance with generally recognized accounting practice (GRAP) the investment portfolio as at the end of the month.
- 2. The report referred to in sub-paragraph 10.1 must set out at least –
 - (a) the market value of each investment as at the beginning of the reporting period,
 - (b) any changes to the investment portfolio during the reporting period,
 - (c) the market value of each investment as at the end of the reporting period, and
 - (d) fully accrued interest and yield for the reporting period.

3. A register of investments is kept in the Budget & Treasury Office reflecting the following information:
 - (a) Date of investment
 - (b) Amount of investment
 - (c) Institution invested with
 - (d) Rate of interest
 - (e) Period of investment
 - (f) Amount of return/interest
 - (g) Maturity Date
4. This register is to be reconciled monthly and reported on.
- 4.1 In complying with Section 70(2) of the MFMA, the Chief Financial Officer must report to National/Provincial Treasury and Council whenever the consolidated bank balances shows a net overdrawn balance for a period exceeding 14 working days.

Such report must provide:

 - (a) The amount by which the accounts are overdrawn
 - (b) Reasons for the overdrawn accounts, and
 - (c) Steps taken or to be taken to correct the situation.

14. CREDIT REQUIREMENTS

- (1) Council must take all reasonable and prudent steps consistent with its investment policy and according to the standard of care set out in paragraph 5, to ensure that it places its investments with institutions permitted in paragraph 8 above. .
- (2) Council must -
 - (a) regularly monitor its investment portfolio, and
 - (b) when appropriate liquidate an investment that no longer has the minimum acceptable credit rating.

15. PORTFOLIO DIVERSIFICATION

Council will take all reasonable and prudent steps to diversify its investment portfolio across institutions, types of investment and investment maturities.

16. INVESTMENT MANAGER/ADVISOR

An investment advisor who is appointed through MLM Supply Chain Management Policy may be used for investments exceeding R 20 million. However, the institution and type of investments must be approved by Council.

17. MISCELLANEOUS PROVISIONS

- (1) The responsibility and risk arising from any investment transactions vests in Council.
- (2) All investments made must be in the name of Modimolle Local Municipality.
- (3) Council may not borrow money for the purpose of investment.

18. IMPLEMENTATION

This policy must be implemented by the Chief Financial Officer and employees of MLM who have been delegated with the authority by the Accounting Officer to invest the funds of Modimolle Local Municipality.

Any employee who breaches this policy shall be liable for disciplinary measures.

19. EFFECTIVE DATE

This policy will be effective from the date approved by Council.

4. ASSET MANAGEMENT

PURPOSE

The purpose of this policy is to ensure the economic, efficient and effective control, utilisation, safeguarding and management of Council's assets. This policy significantly revises the existing policy dated 14 February 2008. The significant revision arises from the following developments:

- The intention of the Modimolle Municipality to implement and comply with Standards of Generally Recognised Accounting Practice (GRAP) for the 2008/09 financial year. For the purpose of this revised policy, the applicable standard is GRAP 17 and to some extent GRAP 16.
- The intention to comply with the Asset Transfer Regulations as contained in National Treasury Gazette Number 31346 issues on 22 August 2008.

BACKGROUND

Constitutional And Legal Framework

The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objects:

- providing democratic and accountable government for local communities;
- ensuring the provision of services to communities in a sustainable manner;
- promoting social and economic development;
- promoting a safe and healthy environment; and
- encouraging the involvement of communities and community organisations in matters of local government.

The manner in which a municipality manages (its fixed) assets is central to meeting the above challenges. Accordingly, the Municipal Systems Act (MSA) specifically highlights the duty of municipalities to provide services in a manner that is sustainable, and the Municipal Finance Management Act (MFMA) requires municipalities to utilise and maintain their assets in an effective, efficient, economical and transparent manner. The MFMA specifically places responsibility for the management of municipal assets with the Municipal Manager.

The Occupational Health and Safety Act (OHSA) requires municipalities to provide and maintain a safe and healthy working environment, and in particular, to keep its assets safe.

Accounting standards

The accounting standards that apply to municipalities are in transition. The MFMA requires municipalities to comply with the Standards of Generally Recognised Accounting Practice (GRAP), in line with international practice. The Accounting Standards Board (ASB) has approved a number of Standards of Generally Recognised Accounting Practice (GRAP) which replaced the Generally Accepted Municipal Accounting Practice (GAMAP).

GRAP 17 on Property, Plant and Equipment is the critical accounting standard that provides guidance on the recognition, measurement, presentation and disclosure of items of PPE in the financial statements of municipalities and municipal entities. Other related standards are Grap 12 and 16 on Inventories and Investment Property, respectively.

Key changes include the recognition of depreciation of assets as an expense, and grants as revenue. A Government Grants Reserve, Donations and Public Contribution Reserve and Capitalisation Reserve need to be established, based on the source of funding of assets. Immovable assets need to be unbundled and each significant component is individually recognised and accounted for. In cases where there is an active and liquid market for assets (such as offices and vehicles) valuation is on a market basis, whereas specialised buildings (such as community facilities) and infrastructure (such as a water supply network) are valued using a depreciated replacement cost. Significant changes in the value of property, plant and equipment over time need to be reflected through periodic revaluation. Modimolle Municipality intends converting to GRAP in the 2008/09 financial year. As a low capacity municipality certain transitional provisions will apply when implementing the relevant GRAP standards that deal with assets.

MANAGEMENT OF INFRASTRUCTURE ASSETS

Effective management of infrastructure and community facilities is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important. The municipality must demonstrate good governance and customer care, and the processes adopted must be efficient and sustainable. Councillors and officials are custodians on behalf of the public of infrastructure assets, the replacement value of which amounts to several hundred million Rands.

Key themes introduced in national legislation relating to municipal infrastructure management include:

- long-term sustainability and risk management;
- service delivery efficiency and improvement;
- performance monitoring and accountability;
- community interaction and transparent processes;
- priority development of minimum basic services for all; and
- provision of financial support from central government in addressing the needs of the poor.

Legislation has also entrenched the Integrated Development Plan (IDP) as the principal strategic planning mechanism for municipalities. However, the IDP cannot be compiled in isolation for the above objectives to be achieved. The IDP needs to be informed by robust, relevant and holistic information relating to the management of the municipality's infrastructure.

There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintaining and renewing existing infrastructure whilst also addressing backlogs in basic services and facing ongoing changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from a number of departments of the municipality, including infrastructure, community services, financial planning, and corporate services.

DPLG has prepared guidelines in line with international practice, that propose that an Infrastructure Asset Management Plan (IAMP) is prepared for each sector (such as potable water, roads etc). These plans are used as inputs into a Comprehensive Infrastructure Plan (CIP) that presents an integrated plan for the municipality covering all infrastructures. This is in line with the practice adopted in national and provincial spheres of government in terms of the Government-wide Immovable Asset Management Act (GIAMA).

Accordingly, the asset register adopted by a municipality must meet not only financial compliance requirements, but also set a foundation for improved infrastructure asset management practice.

OBJECTIVES

The objective of this policy is for the municipality to:

- implement accrual accounting in terms of prevailing accounting standards; and
- apply asset management practice in a consistent manner and in accordance with legal requirements and recognised good practice.

APPROVAL AND EFFECTIVE DATE

The Municipal Manager is responsible for the submission of this document to Council to consider its adoption. Council shall indicate the effective date for implementation of the policy.

KEY RESPONSIBILITIES

Municipal Manager

In terms of Section 63 of the MFMA, the Municipal Manager is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

The Municipal Manager shall ensure that:

- An Asset Management Committee is established, through which all asset processes and procedures will be implemented.
- The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- The municipality's assets are valued in accordance with the standards of generally recognised accounting practice (GRAP);
- The municipality has and maintains a system of internal control of assets, including an asset register; and
- The Senior Managers and their teams comply with this policy.

As Accounting Officer of the municipality, the Municipal Manager shall be the principal custodian of all the municipality's fixed assets, and shall be responsible for ensuring that this policy is effectively applied on adoption by Council. To this end, the Municipal Manager shall be responsible for the preparation, in consultation with the CFO and Senior Managers, of procedures to effectively and efficiently apply this policy.

Chief Accounting Officer

The Chief Financial Officer (CFO) is responsible to the Municipal Manager to ensure that the financial investment made in the municipal assets is safeguarded and maintained.

The CFO, as one of the Senior Managers of the municipality, shall also ensure, in exercising his/her financial responsibilities, that:

- Appropriate systems of financial management and internal control are established and carried out diligently;
- The financial and other resources of the municipality are utilized effectively, efficiently, economically and transparently;
- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- All revenue due to the municipality is collected, for example rental income relating to assets;
- The systems, procedures and registers required to substantiate the financial values of the municipalities' assets are maintained to standards sufficient to satisfy the requirements of the Auditor-General;
- Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilized through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
- The Senior Managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets;
- This policy and support procedures are established, maintained and effectively communicated.

The CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed. The CFO shall be the fixed asset registrar of the municipality, and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained. No amendments, deletions or additions to the fixed asset register shall be made other than by the CFO or by an official acting under the written instruction of the CFO.

Asset Management Committee

The Asset Management Committee (AMC) shall ensure that:

- The policy and procedures are adhered to and reviewed annually.
- The Committee meets at least monthly to review and monitor the status of assets in the municipality at strategic, institutional, operational and financial levels.

Senior Managers

Senior Managers (the managers directly accountable to the Municipal Manager) shall ensure that:

- Appropriate systems of physical management and control are established and carried out for all fixed assets;
- The municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;
- Procedures are adopted and implemented in conformity with this policy to produce reliable data to be captured into the municipal asset register;
- Any unauthorised, irregular or fruitless or wasteful utilisation, and losses resulting from criminal or negligent conduct, are prevented;
- The asset management system, processes and controls can provide an accurate, reliable and up to date account of assets under their control;
- They are able to manage and justify that the asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives; and
- Manage the asset life-cycle transactions to ensure that they comply with the plans, legislative and municipal requirements.

The Senior Managers may delegate or otherwise assign responsibility for performing these functions but they shall remain accountable for ensuring these activities are performed.

POLICY AMENDMENT

Changes to this document shall only be applicable if approved by Council. Any proposals in this regard shall be motivated by the Municipal Manager in consultation with the CFO and respective Senior Managers. These recommendations shall be considered for adoption by Council.

RELATIONSHIP WITH OTHER POLICIES

This policy, once effective, will replace the pre-existing Asset Management Policy.

This policy needs to be read in conjunction with other relevant policies of the municipality, including the following adopted documents:

- Delegations Register
Identifying the processes surrounding the establishment of delegated authority.
- SCM policy
Regulating all processes and procedures relating to acquisitions, management and disposal of assets
- Budget policy
The processes to be followed during the budget process as well as pre-determined prioritisation methodology,
- Revenue and tariff policy
Identifying tariff setting methodology
- Accounting Policy
Governed by the Accounting standards, the accounting policy determines the basis for recognition, measurement and recording of all transactions.

REFERENCES

The following references were observed in compiling this document:

- Asset Management Framework, National Treasury, 2004
- Municipal Asset Transfer Regulations, Gazette 31346 issued 22 August 2008
- Guidelines for Infrastructure Asset Management in Local Government, Department of Provincial and Local Government, 2006
- Municipal Finance Management Act, 2003
- Disaster Management Act, 2002
- Municipal Systems Act, 2000
- Municipal Structures Act, 1998
- Accounting Standards Board
- MFMA Circular 18, 36 & 44
- Local Government Capital Asset Management Guidelines, National Treasury, 2008
- Government Gazettes (30013 & 31021)
- Generally Recognised Accounting Practice (1-14, 16, 17, and 100-102).

- Generally Accepted Municipal Accounting Practice (GAMAP 17)
- International Accounting Standards (IAS 16)

5. INDIGENT POLICY

(a) PREAMBLE

Where as the municipality commit to provide support to the indigents households. The committee will be appointed to administer the indigent support programme. This committee will assist in scrutinising each application prior to approval.

(b) OBJECTIVES

To ensure that these households have access to at least basic municipal services, and is guided in the formulation of this policy by the national government's policy in this regard.

(c) DEFINITIONS

In this policy a word or phrase to which a meaning has been assigned in **Section 1.0 on definitions** has that meaning, unless the context otherwise indicates.

(d) WHO QUALIFIES FOR INDIGENT SUPPORT

Households where verified total gross monthly income of all occupants over 18 years of age does not exceed R2 300, or such other amount as the council may from time to time determine, qualify for a subsidy on property rates and service charges for sewerage and refuse removal, and will additionally receive 6kl of water per month and 75kWh of electricity per month free of charge.

Only households where the accountholder or property owner has registered as indigent in terms of the municipality's annual registration programme, and whose registration has been accepted and entered into the register of indigents shall qualify for the above concessions.

For a household to qualify for subsidies or rebates on the major service charges (see part 3 below), the registered indigent must be the full-time occupant of the property concerned, may not own any other property, whether in or out of the municipal area.

For a household to qualify for a rebate on rates, the registered indigent must be both the owner and fulltime occupant of the property concerned, and may not own any other property, whether in or out of the municipal area.

Indigence relief shall apply for a period not extending beyond the financial year in which the particular household is registered as indigent. Registration must be renewed in each registration programme if relief is to continue.

To register as an indigent, the relevant property owner or accountholder must personally complete and sign the registration form provided by the municipality for this purpose, and furnish such further documentation as the municipality specifies. The municipal manager will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place. Registration will take place on dates and at places determined by the council, but shall generally be undertaken during January and/or February each year.

(e) APPLICATION OF THE POLICY

The subsidies on rates and the specified service charges will be determined as part of each annual budget and in terms of the municipality's policies on property rates and tariffs.

In respect of water, a 100% subsidy up to 6kl per household per month will apply; however, if consumption exceeds 6kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6kl.

In respect of electricity, a 100% subsidy up to 75kWh per household per month will apply; however, if consumption exceeds 75kWh per metering period (month), the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 75kWh.

In respect of sewerage charges and charges for household refuse removal, the relief granted shall not be less than a rebate of 50% on the monthly amount billed for the service concerned.

In respect of property rates, the rebate shall be 100% of the rates based on the rateable value up to R30 000 and 75% of the rates based on the rateable value above R30 000.

(f) NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

When a property owner or accountholder who has registered as an indigent fails to comply with any arrangements or conditions materially relevant to the receipt of indigence relief, such person will forfeit his or her status as a registered indigent with immediate effect, and will thereafter be treated as an ordinary residential property owner or accountholder for the financial year concerned.

The onus is on each registered indigent to advise the municipal manager of such failure to comply.

It may happen that even with the introduction of the indigent policy, certain households may fall into arrears in respect of the amounts due by them. The property owner or accountholder concerned will have to make immediate arrangements with the municipal manager to pay off these arrears owing within a reasonable time determined by the municipal manager in terms of the municipality's credit control and debt collection policy. If these arrangements are not made, no subsidies will be paid or free services provided, and services may be terminated in terms of the municipality's credit control and debt collection policy.

The relief to indigents may be withdrawn at the discretion of the municipal manager if:

- A registered indigent who qualifies for such relief fails to keep to the terms of the policy agreement; or
- Any tempering with the installations of the municipality is detected.

If a registered indigent is found to have provided fraudulent information to the municipality in regard to any material condition for registration as an indigent, such person shall immediately be removed from the register of indigents, and shall be liable to repay to the municipality with immediate effect all indigence relief received from the date of such fraudulent registration. Moreover, such person may not again be considered for indigence relief for a period extending for 5 (five) years beyond the financial year in which the misdemeanour is detected.

Indigence relief will not apply in respect of property owners owning more than one property, whether in or outside the municipal area.

(g) REPORTING REQUIREMENTS

The municipal manager shall report on a monthly basis to the executive mayor or executive committee, as the case may be, for the month concerned and by municipal ward:

- The number of households registered as indigents and a brief explanation of any movements in such numbers;
- The monetary value of the actual subsidies and rebates granted;
- The budgeted value of the subsidies and rebates concerned; and the above information cumulatively for the financial year to date.

The executive mayor or executive committee, as the case may be, shall submit the above reports on a quarterly basis to the council and to the municipality's ward committees if so requested.

6. TRAVELING ALLOWANCE POLICY

1. SCOPE

The Modimolle Local Municipality has at their disposal vehicle subsidy scheme, wherein the council budgets for subsidies in regard to the applications received.

All applicants must complete a formal application and must be approved by the Municipal Manager.

Section 167 of Municipal Finance Act prohibits the issue of loans to councilors and members of the public.

The terms of this policy shall be observed by Modimolle Local Municipality and employees in its employment.

2. PERIOD OF THE POLICY

This policy shall come into operation on the date as determined by the Council.

3. OBJECTIVES OF THE POLICY

The objectives of the Policy is to provide the following

- 3.1 A policy that is fair towards both Council and the employee and is primarily focused to compensate the employee for travel expenditure
- 3.2 Uniform guidelines, conditions and limitations in terms of which the Policy is to be run.
- 3.3 The basis of compensation and benefits in respect of employees who utilize private transport in the execution of their official duties, where no official transport is available and/or where prior arrangements have been made with an employee to utilize private transport for official purposes.

4. PARTICIPATION

Employee who qualifies to participate in motor vehicle allowance are those occupying transport allowance bearing posts including the Municipal Manager and the Section 57 Managers.

5. MOTOR VEHICLE ALLOWANCE

Granting of Vehicle Allowance

Municipality no longer offer subsidy but travel allowances. The employee will be expected to enter into agreement with any dealer or their choice.

This granting of vehicle allowance is subject to the following conditions and limitations:

1. **Qualifying requirements**

- Vehicle allowance are granted to employee whose employment contracts make provision for this purpose and to incumbents of transport allowance bearing post only., consequently, employees receiving casual or ad hoc transport allowances do not qualify for vehicle allowance.

2. **Vehicle choice**

- With due regard to the limitations contained in this Policy, the choice of vehicle to be purchased by and employee for daily use in the execution of his/her official duties, rests with the employee.
- The purchase of second- hand vehicles is subject to the issue of a Roadworthy Certificate.

- 5.1 “**Fixed transport allowance**” means affixed monthly transport allowance applicable to incumbents of post level 1, 2 & 3 on the permanent service register of the Municipality.
- 5.2 “**An allowance bearing position**” means a position, other than referred to in paragraph 3.1, on the permanent service register of the Municipality to which a fixed monthly transport allowance is attached after Council has declared such a position as an “allowance bearing position” by means of a formal Council Resolution.
- 5.3 “Engine capacity” for purposes of this Policy will be calculated at actual engine capacity to a maximum of 2500 cc.
- 5.4 “Fixed cost” means the tariff in cents per kilometer as determined by the salary notch of the official concerned, calculated at the AA tariff and will change on an annual basis when employee salary increases.
- 5.5 “Official distance” means the distance in kilometers traveled for official purposes by an employee in Council's employment, excluding distances between place of work and residence.
- 5.6 “Running cost” means tariff in cents per kilometer traveled by employees as per AA tariff table.
- Cost of fuel in relation to the vehicle's engine capacity
 - Maintenance cost
 - Tyres

The tariff shall be revised as and when it is adjusted by the AA

- 5.7 “Day” means working day in the service of the Municipality.
- 5.8 “Private transport” represents that private vehicle used by an employee for official purposes as indicated in writing by the employee on the day the employee qualifies for a fixed monthly transport allowance.

6. **REQUIREMENTS FOR PARTICIPATION**

- 6.1 Participation is dependant on the primary requirement that the use of a private vehicle will be more beneficial than the provision of an official vehicle. An employee must furthermore comply with the following requirements for participation, namely:

- 6.1.1 A minimum distance of 300 kilometer per month must be traveled for official purposes;

6.1.2 The use of transport solely by the employee must be necessary for the execution of the duties by the relevant employee;

6.1.3 A private vehicle must be available on a daily basis for official use;

6.2 An employee who complies with the abovementioned requirements and who, on application and with the concurrence of the Municipality, uses a private vehicle for the execution of official duties, is policy participant and is therefore entitled to the specified Policy benefits, but is also subject to the conditions and limitations imposed by the policy.

6.3 An employee who, in terms of the above requirements, does not qualify for participation can, at the request of the Council, use a private vehicle whether for temporary or occasional official trips, and be compensated therefore.

6.4 Participation in the Policy is thus determined and limited by cost advantages and economical consideration. It is therefore the responsibility of the Municipality to determine to what extent private transport shall be utilized for official purposes.

7. CLASSIFICATION OF TRANSPORT ALLOWANCES

Provision is made in this policy for the payment of a transport allowance for the use of private for continuous, temporary or occasional trips for the fulfilling of official duties. The transport allowance compensates an employee in a transport allowance bearing position for financing, insurance and running cost expenditures, which enables such a participant to make his/her own financing arrangements for the purchasing of a vehicle.

For classification purposed, the following two types of transport allowance are identified:

- Fixed monthly transport allowance
- Temporary or occasional transport allowance(Ad hoc)

7.1 A FIXED TRANSPORT ALLOWANCE

This allowance is intended for the following positions on the permanent service register of the Municipality and will be paid monthly to the employee.

- | | | |
|-------------------------|---|--------------------------|
| • Job level 1 | = | 850 km p/m |
| • Job level 2 | = | 750 km p/m |
| • Job level 3 | = | 650 km p/m |
| • Job level 4 and lower | = | as determined by Council |

A fixed monthly transport allowance consists of the following elements:

- A fixed financing and insurance allowance
- A running cost allowance
- That the fixed cost be calculated on 10 000 km per year for all employees who receive an allowance.
- The fixed monthly transport allowance for the basic distance allocated to the positions mentioned above is paid monthly to an employee irrespective of kilometers traveled for official purposes. For all kilometers traveled for official purposes, the employee must be compensated in

accordance with the tariff for running cost for the actual distance traveled, over and above his/her fixed monthly transport allowance.

- 7.1.1 That no official transport is provided to such incumbents.
- 7.1.2 That residence to place of work journeys do not form part of the allowance.
- 7.1.3 That all other requirements contained in this policy are complied with.
- 7.1.4 That where circumstances justify or require that the restrictions contained in Section 6.1 of the Scheme be amended, it must be done by means of a formal Council Resolution.
- 7.1.5 Council will only pay traveling allowance on official vehicle with an engine capacity to a maximum of 2500cc.

7.2 TEMPORARY OR OCCASIONAL TRANSPORT ALLOWANCE (AD HOC TRANSPORT ALLOWANCE)

Any request for an Ad hoc transport allowance must be verified with the Manager Financial Services, by the Departmental Manager concerned or Municipal Manager and must include the reason(s) for the journey as well as the exact distance to be travelled.

Ad hoc transport allowance are payable in the following cases:

- 7.2.1 Where temporary or casual official journeys are undertaken by employees using their own private transport and who are not in receipt of transport allowance.
- 7.2.2 Where an employee is on an approved official journey for Council.

7.3 DETERMINATION OF DISTANCES

7.3.1 CURRENT OR NEW APPLICATIONS (Job level 4 and lower)

The following procedure will apply in the determination of a fixed total monthly kilometer distance in respect of an application by an employee to declare his/her post "An allowance bearing position".

- 7.3.1.1 The employee in the specific position must maintain a daily official kilometer distance return (log sheet) for a period of 3 months for all official journeys. This log sheet must be approved by the Departmental Manager concerned. The kilometers traveled in such period must be divided by three to determine an average monthly official kilometer distance and rounded off to the nearest 50km.
- 7.3.1.2 The application to Council must be lodged by way of a motivated report by the manager of the Department concerned.
- 7.3.1.3 Should Council approve the application, the date of implementation shall be the first of the month following the date of approval.
- 7.3.1.4 During the period as contemplated in Clause 7.3.1.1, the employee will be reimbursed by way of an Ad hoc transport allowance as depicted in Clause 7.2

7.4 CURRENT BENEFICIARIES OF A TRANSPORT ALLOWANCE

The following procedure will apply in the re- determination of the fixed total monthly kilometer distance in respect of an employee currently in receipt of a transport allowance:

- 7.4.1 Should Council or the incumbent of a transport allowance bearing position requires a re- determination of the fixed total monthly kilometer distance connected to a position, a written notice must be given to the particular Department Manager. Immediately after the expiring of seven days of serving such notice, the particular employee must continue to maintain a daily return of all official journeys for a period of three months.
- 7.4.2 The log sheet must be approved by the relevant Department Manager. The kilometers traveled in such period must be divided by three to determine an average monthly official kilometer distance rounded off to the nearest 50 km.
- 7.4.3 The application must be lodged by way of a motivated report to Council by the Department Manager concerned.
- 7.4.4 Should Council approve a new km limit, the date of implementation shall be the first of the month following the date of approval.

7.5 CALCULATIONS OF TRANSPORT ALLOWANCES

7.5.1 BASIS OF COMPENSATION

- Sec 57 and Councilors = Department of Transport tariffs
- Employees = AA tariffs

7.5.2 FORMULA FOR CALCULATION

7.5.2.1 Fixed transport allowance

Will be determined from:

A= monthly transport allowance

B= the total fixed cost as reflected and maintained by the AA of SA in the tables for "Estimated average fixed cost" under 14 000 km column an consists of the following

- Fixed cost of the vehicle as per definition , (paragraph 3.4) and
- Running cost of the vehicle as per definition, (paragraph 3.6)

C= the fixed total monthly kilometer distance as per this policy or as determined by the Municipality

7.5.2.2 TEMPORARY OR OCCASIONAL TRANSPORT ALLOWANCE (AD HOC)

An Ad hoc transport allowance for employees receiving travel allowance must be paid once a month with their salaries for actual kilometers travelled for official purposed during that month, and calculated according to the below formula.

An Ad hoc transport allowance for employees not receiving travel allowance must be paid twice monthly (7th and 25th) for actual kilometers travelled for official purposes during that month, and calculated according to the following formula:

$$A = B \times C$$

Where

A = the Ad hoc transport allowance

B = Running cost of the vehicle as per definition, (paragraph 5.6)

C = the actual distance travelled in the execution of official duties.

7.6 SUSPENSION OF TRANSPORT ALLOWANCE

7.6.1.1 Should an employee, who is occupying an allowance bearing position, be transferred at his/her own request to another position not bearing any transport allowance, no transport allowance shall be payable from the date of transfer

7.6.1.2 Should the Municipality decide to withdraw an employee's travel allowance for reasons other than those set out in Clause 7.6.1.1, the Municipality must, after consultation with such employee, give 6 months written notice of the withdrawal of the travel allowance.

7.7 TRAVEL ALLOWANCE AMOUNT

The maximum amount, which an employee may be subsidized, a vehicle is limited to 100% of the employee's annual salary excluding annual bonus and any allowance, with the exception of the Municipal Manager and the Section 57 employees.

7.8 VEHICLE AVAILABILITY

It shall be required of the employee receiving a motor vehicle allowance to avail and make use of the vehicle at all times except when circumstances are beyond the control. The employee who can not use his vehicle must disclose the reasons thereof to his/her supervisor. In such circumstances the municipality will avail the council vehicle for the maximum period of three months and the employee will forfeit his/her travel allowance for such period.

7.9 INTERVIEWS

No travelling or subsistence will be paid out to candidates who come for interviews.

7. RATES POLICY

1. PREAMBLE

This policy must be implemented to give effect to the following listed Legislative Provisions:

- (i) Section 3 of the Local Government: Municipal Property Rates Act (No 6 of 2004);
- (ii) Section 229(i)(a) of the Constitution of the Republic of South Africa of 1996 (No 108 of 1996);
- (iii) Section 4(1)(C) of Local Government Municipal Systems Act of 2000 (Act 32 of 2000);
- (iv) Section 62(1)(F)(ii) of the Local Government Municipal Finance Management Act of 2003 (Act 56 of 2003).
- (v) Section 155(6), 156(1)(b) and 156(2) of the Constitution of South Africa of 1996 (Act no 108 of 1996)
- (vi) Section 2,3,6, 17 and 23 of the Local Government: Municipal Systems Act of 2000 (Act 32 of 2000)
- (vii) Section 12 & 18 of the Local Government: Municipal Structures Act of 1998 (Act 117 of 1998)
- (viii) Land tenure rights in terms of the Communal Rights Act of 2004 (Act No 11 of 2004)
- (ix) Section 10 of the National Environmental: Protected Areas Act of 2003 (Act 57 of 2003)
- (x) Section 30 read with Part 1 of Schedule 9 of the Income Tax Act of 1962 (Act No 58 of 1962)
- (xi) Schedule 2 & 3 of the Public Finance Management Act of 1999 (Act No 1 of 1999)
- (xii) Communal Property Associations Act of 1996 (Act 28 of 1996)
- (xiii) Provision of Land and Assistance Act of 1993 (Act No 126 of 1993)
- (xiv) Restitution of Land Rights Act of 1994 (Act No 22 of 1994)
- (xv) A trustee in the case of a property in a trust excluding state trust land
- (xvi) An executor or administrator, in the case of property in a deceased estate.
- (xvii) A trustee or liquidator in the case of property in an insolvent estate or in liquidation.
- (xviii) A judicial manager, in the case of property in the estate of a person under judicial management
- (xix) A curator in case of property in the estate of a person under curatorship
- (xx) A usufructuary or other person in whose name a usufruct or other personnel servitude is registered, in the case of property that is subject to a instruct or other personal servitude.
- (xxi) A lessee, in the case of a property that is registered in the name of the municipality and is leased by it or
- (xxii) A buyer, in the case of a property that was sold by a municipality and of which procession was given to the buyer pending registration of ownership in the name of the buyer.
- (xxiii) in such scheme according to the quota as registered in the scheme.

The municipality need a reliable source of revenue to provide basic services and perform its functions. Property rates are the most important source of general revenue for the municipality. Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include installing and maintaining streets, roads, sidewalks, lighting, and storm drainage facilities; and building and operating clinics, parks, recreational facilities and cemeteries. Property rates revenue is also used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plan (IDP's) and municipal budgets.

Municipal property rates are set, collected, and used locally. Revenue from property rates is spent within a municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the integrated Development Plans (IDPs) and budget processes, which a municipality invites communities to input prior to municipal council adoption of the budget.

2. DEFINITIONS

“**Act**” means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004)

“Agricultural Purposes” in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game.

“annually” means once every financial year

“Business” means the activity of buying, selling or trading in goods and / or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.

“exemption” in relation to the payment of a rate means an exemption granted in terms of clause 9 of the policy.

“Industrial” means a branch of trade or manufacturing, production assembling or processing of finished or partially finished products from raw materials or fabricated part, on so large scale that capital and labour are significantly involved.

“Mining” means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto;

“Multiple use properties” means properties that cannot be assigned to a single category due to different uses.

“Municipal properties” means those properties of which the municipality is the owner.

“Municipality” means the municipal council for the municipal area of Modimolle.

“Newly rateable property” means any rateable property on which property rates were not levied by 30 June 2005, excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date.

“owner” means a person in whose name ownership of the property is registered, a person in whose name the right is registered or whom it was granted in terms of legislation, the organ of state which owns or controls that public service infrastructure.

Provided that any natural person or legal entity in anyone of the under mentioned capacities may for the purpose of these policy be regarded by the municipality as the owner of the property in the following cases and /or capacities-

- (a) a trustee, in the case of a property I a trust excluding State Trust land;
- (b) an executor or administrator, in the case of property in a deceased estate;
- (c) a trustee or liquidator, in the case of property in an insolvent estate or in liquidation
- (d) a judicial manager, in the case of property in the estate of a person under judicial management
- (e) a curator, in the case of property in the estate of a person under judicial management
- (f) a usufructuary or other person in whose name a usufruct or other personal servitude is registered, in the case of property that is subject to a usufruct or other personal servitude;
- (g) a lessee, in the case of a property that is registered in the name of the municipality and is leased by it; or

(h) a buyer, in the case of a property that was sold by the municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

“property” means:

- (a) Immovable property registered in the name of a person, including in the case of a sectional title scheme, a sectional title unit registered in the name of a person
- (b) A right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property
- (c) A land tenure right registered in the name of a person or granted to a person in terms of legislation
- (d) Public service infrastructure

“Protected area” means an area that is or has to be listed in the register referred to in Section 10 of the National Environmental Management: Protected Areas Act, 2003, Biodiversity Act, 2004.

“Public Service Infrastructure” means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways or aprons at national or provincial airports;
- (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
- (i) any other publicly controlled infrastructure as may be prescribed; or
- (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i).

“rate” means a municipal rate on property envisaged in Section 229(1)(a) of the Constitution of 1996

“rateable property” means property on which a municipality may in terms of Section 2 of the Property Rates Act levy a rate, excluding property fully excluded from the levying of rates in terms of Section 17 of the said Act.

“rebate” means a discount in the amount of the rate payable of the property granted in terms of Clause 11 of these policy.

“reduction” means the following of the amount for which the property was valued and the rating of the property at that lower amount granted in terms of Clause 10 of the policy.

“Residential” means a suite of rooms which forms a living unit that is exclusively used for human habitation purposes, or a multiple number of such units on a property, excluding a hotel, commune, boarding and under taking, hostel and place of instruction.

“sectional title scheme” means a development scheme in terms of which sections in such development or an undivided share wherein may be acquired by an owner as contemplated in the Sectional Titles Act

“sectional title unit” means a unit as define in Section 1 of the Sectional Title Act of 1986

Sectional Title Unit in terms of the Sectional Title Act of 1986 (Act 95 of 1986) means a sectional that could be privately owned as well as the common areas and exclusive rights areas.

Sectional Title Scheme in terms of Sectional Title Act of 1986 (Act 95 of 1986) a person may acquire ownership in separate sectional title units built on one property as well as an undivided share in the common areas on such property within the development scheme. Such development scheme may differentiate between common areas and exclusive.

“State-owned properties” means properties owned by the State, which are not included in the definition of public service infrastructure in the Act. These state-owned properties are classified as follows:

- (a) State properties that provide local services.
- (b) State properties that provide regional/municipal district-wide/metro-wide service.
- (c) State properties that provide provincial/national service.

“Vacant land” means a land where no immovable improvements have been erected.

NB: All other terms are used within the context of the definitions contained in the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004).

3. **OBJECTIVES**

The purpose of this policy is to regulate the power of a municipality to impose rates on property.

To determine categories of rateable properties.

To exclude certain properties from rating in the national interest.

To implement a transparent and fair system of exemptions, reductions and rebates through their rating policies.

To make provision for fair and equitable valuation methods on properties.

To make provision for an objections and appeals process.

To assist in building economically and financially viable municipality which will meet the service delivery priorities of their communities.

To impose rates policy that supports and encourage economic growth and job creation.

4. POLICY PRINCIPLES

4.1 Rates are levied in accordance with the Local Government Municipal Property Rates Act of 2004 (Act 6 of 2004) as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and Supplementary Valuation Rolls.

4.2 The rates policy for the municipality is based on the following principles:

- (a) **Equity** : The municipality will treat all ratepayers with similar properties the same.
- (b) **Affordability** : The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent, the municipality will provide relief measures through exemptions, reductions or rebates in terms of the indigent policy.
- (c) **Sustainability** : Rating of property will be implemented in a way that:
 - (i) it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality and;
 - (ii) Supports local, social and economic development
- (d) **Cost efficiency**: Rates will be based on the value of all rateable property and the amount required by the municipality to finance the expenditure as per approved budget.

4.3 The calculation of property rates will be determined as follows: e.g.

- The financial liabilities for municipal property rates are calculated by multiplying the market value of immovable property (e.g. land and buildings) by a cent amount in the Rand that a municipal council has determined. For example:
 - If the market value of immovable property (land and buildings) is R50 000,00 and the cent amount in the Rand is R0.015 (which is 1.5 cent) then
 - Amount due for property rates = R50 000,00 x 0.015 = R750 for the whole year which means that every month the property owner will pay R62,50 (this is calculated by dividing R750,00 by 12 as the year has 12 months) to the municipality.
 - If the immovable property in question is used as a residential property (home) or if it is used for multiple purposes, provided one or more of its components are used for residential purposes.
 - The cent amount in the Rand will be paid after deducting the first R15 000,00 of the market value of such residential property including agricultural properties where owners reside on the property, which means that the R0.015 will be applied to R35 000,00 rather than R50 000,00 (i.e. R50 000,00 less R15 000,00).
 - The rates payable by the homeowner and agricultural owners or farm owners will then be = R35 000,00 x 0.015 = R525 for the whole year, which means that every month the property owner will pay R43,75 to the municipality.

NB: The cent amount in the Rand is decided by the Municipal Council taking into account public comments/submissions/inputs on the Municipal Council's draft rates policy and budget that is subjected to the process of community participation in line with Chapter 4 of the Municipal Systems Act and the Municipal Finance Management Act.

5. CATEGORIES OF PROPERTIES

5.1 The municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.

5.2 The municipality has determined categories of properties based on the following criteria:

- Use of the property.

The following are the determined categories of properties by the municipality:

- Single Residential properties
- Multiple Residential Properties (security villages, golf estates and blocks of flats)
- Business & Commercial properties
- Industrial properties
- Mining properties
- Public service infrastructure properties
- Public Benefits Organisation properties
- Agricultural properties used for agricultural purposes including game farming and hunting.
- State-owned properties:
 - (i) State properties that provide local services
 - (ii) State properties that provide regional/municipal district-wide/metro-wide service
 - (ii) State properties that provide provincial/national service
- Municipal properties
- Protected area properties
- Multiple use properties
- Vacant land

5.3 Organisations providing services to themselves e.g. (Kokanje Retirement Resort)

6. CLASSIFICATION OF SERVICES AND EXPENDITURE

6.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and the Executive Committee of the municipality, make provision for the following classification of services:

(a) Trading services:

- (i) Water
- (ii) Electricity

(b) Economic services:

- (i) Refuse removal
- (ii) Sanitation

(c) Community services

i) Air pollution
ii) Fire fighting services
iii) Local tourism
iv) Municipal planning
v) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law

- vi) Storm water management system in built-up areas
- vii) Trading regulations
- viii) Fixed billboards and the display of advertisements in public places
- ix) Cemeteries
- x) Control of public nuisances
- xi) Control of undertakings that sell liquor to the public
- xii) Township development
- xiii) Facilities for accommodation, care and burial of animals
- xiv) Fencing and fences
- xv) Licensing of dogs
- xvi) Licensing and control of undertakings that sell food to the public
- xvii) Local amenities
- xviii) Local sport facilities
- xix) Municipal parks and recreation
- xx) Municipal roads
- xxi) Noise pollution
- xxii) Animal Pounds
- xxiii) Public places
- xxiv) Street trading
- xxv) Street lighting
- xxvi) Traffic and parking
- xxvii) Building control
- xxviii) Licensing of motor vehicles and transport permits
- xxix) Nature reserves
- xxx) Forestry

(d) Subsidised services

- (i) Health and ambulance
- (ii) Libraries and museums
- (ii) Proclaimed roads

6.2 Trading and economic services must be ring fenced and financed from service charges while community and subsidized services will be financed from profits on trading and economic services, regulatory fees, rates and rates related income.

6.3 Expenditure will be classified in the following categories:

- (a) Salaries, wages and allowances
- (b) Bulk purchases
- (c) General expenditure
- (d) Repairs and maintenance
- (e) Capital charges (interest and redemption)/depreciation
- (f) Contribution to fixed assets
- (g) Contribution to funds-
 - (i) bad debts
 - (ii) working capital; and
 - (iii) statutory funds
- (h) Contribution to reserves
- (i) Gross expenditure
- (j) Less charge-out
- (k) Net expenditure
- (l) Income
- (m) Surplus/Deficit

6.4 Cost centres will be created to which the costs associated with providing the service can be allocated-

- (a) by Department
- (b) by Section/service; and
- (c) by Division/service

6.5 The subjective classification of expenditure each with an unique vote will be applied to all cost centers.

7. DIFFERENTIAL RATING

7.1 Criteria for differential rating on different categories of properties will be according to:

- nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.

vacant land will be rated higher (in terms of a cent amount in a rand) as the municipality is encouraging owners of vacant land to develop it and that vacant land should not be used for speculation purposes by owners.

- promotions of social and economic development of the municipality.
- differential rating among the various categories will be done by way of setting different cent amount in the rand for each property category.
- by way of reductions and rebates.

8. CATEGORIES OF OWNERS FOR GRANTING EXEMPTIONS, REBATES AND REDUCTIONS

Criteria for determining categories of owners of properties, for the purpose of granting exemptions, rebates and reductions will be according to the:

- (a) indigent financial status of the owner of a property;

- (b) sources of income of the owner of a property
- (c) owners of property situated within an area affected by-
 - i) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
 - ii) any other serious adverse social or economic conditions;
- (d) owners of residential properties with a market value below a determined threshold; or
- (e) owners of agricultural properties who are *bona fide* farmers

9. EXEMPTIONS

9.1 The following categories of property are exempted from rates:

(a) Municipal properties: Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers and thereby create double-taxation.

(b) Residential properties: All residential properties with a market value of less than R35 000 are exempted from paying rates. The R15 000 impermissible rates contemplated in terms of Section 17(1)(h) of the Property Rates Act is included in the R35 000 amount. This is an important part of the council's indigent policy and is aimed primarily at alleviating poverty. Including properties build under the National Housing Subsidy Scheme for the poor.

NB: The following are exempted:

- Indigent owners
- Owners dependent on pension or social grants for their livelihood
- Owners of residential property under R35 000,00.

(c) Cemeteries and crematoriums: Registered in the names of private persons and operated not for gain.

(d) Public Service Infrastructure: organisations exempted from paying rates as they provide essential services, goods, services or labour.

(e) Public Benefit Organisations: the following public Benefit Organisations may apply for the exemption of property rates subject to producing a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No. 58 of 1962):

(i) Health care institutions: Properties used exclusively as a hospital, hospice, clinic and mental hospital, including workshops used by the inmates, laundry or cafeteria facilities, provide that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

(ii) Welfare institutions: Properties used exclusively as a orphanage, non-profit retirement villages, old age home or benevolent institution, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or the charitable purposes within the municipality.

(iii) Educational institutions: Property belonging to educational institutions declared or registered by law and are used solely for educational purposes.

- (iv) Independent schools: Property used by registered independent schools for educational purposes only.
- (v) Charitable institutions: Property belonging to non-for-gain institutions or organizations that perform charitable work.
- (vi) Sporting bodies: Property used by an organization whose sole purpose is to use the property for sporting purposes on a non-professional basis.
- (vii) Cultural institutions: Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.
- (viii) Museums, libraries, art galleries and botanical gardens: registered in the name of private persons, open to the public and not operated for gain.
- (ix) Youth development organizations: Property owned and/or used by organizations for the provision of youth leadership or development programmes.
- (x) Animal welfare: Property owned or used by institutions/organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.
- (xi) Religious organizations: Property owned or used by religious organizations whose exclusive aim is religious orientated.

9.2 Exemptions will be subject to the following conditions:

- (a) pension or social grant proofs including an affidavit lodged with the municipality annually.
- (b) all applications must include a constitution of the organization and be addressed annually in writing to the municipality.
- (c) a SARS tax exemption certificate must be attached to all applications;
- (d) the municipal manager or his/her nominees (committee) must approve all applications;
- (e) applications must reach the municipality before the end of October preceding the start of the new municipal before the new municipal financial year for which relief is sought; and
- (f) the municipality retains the right to refuse exemptions if the details supplied in the application form were incomplete, incorrect or false.

Duty of Property Owner

A property owner whose property falls under the category of properties eligible for tax/rebates shall inform the Municipal Council of the status of such property.

10. REDUCTIONS

10.1 A reduction in the municipal valuation as contemplated in Section 15(1)(b) of the Act will be granted where the value of a property is affected by:

- (a) a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
- (b) any other serious adverse social or economic conditions.

10.2 The reduction will be in relation to the certificate issued for this purpose by the municipal valuer.

10.3 All categories of owners can apply for a reduction in the rates payable as described above.

11. REBATES

11.1 Categories of property:

(a) Business, commercial and industrial properties:

(i) The municipality may grant a rebate of 20% to rateable enterprises that promote local, social and economic development in its area of jurisdiction, based on its Local, Social and Economic Development Policy.

The following criteria will apply:

(a) permanently employ more than twenty (20) workers with South African citizenship for at least a continuous period of twelve (12) months, and the salaries/wages are strictly in terms of the minimum standards set by the Department of Labour:

(b) social upliftment of the local community; and

(c) creation of infrastructure for the benefit of the community

(ii) Rebates will be granted on application subject to:

(a) a business plan issued by the directors by the 30th of September each year, of the company indicating how the local, social and economic development objectives of the municipality are going to be met;

(b) a continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives;

(c) an assessment by the municipal manager or his/her nominee indicating that the company qualifies; and

(d) a municipal council resolution

(b) State properties:

Receive a rebate of 20%.

(c) Residential properties:

The municipality grants a 20% rebate, which applies to improved residential property that is:

(i) used predominantly for residential purposes, with not more than two dwelling units per property;

(ii) registered in terms of the Sectional Title Act;

(iii) owned by a share-block company;

(iv) a rateable residence on property used for a related to educational purposes

(d) Agricultural property rebate:

The following rebates will apply:

a) The extent of municipal services provided to agricultural properties:

- i) 7,5% rebate, if there are no municipal maintenance to roads servicing the property
- ii) 7,5% rebate, if there is no municipal sewerage to the property.
- iii) 7,5% rebate, if there is no municipal electricity to property.
- iv) 20% rebate, if water is not supplied by the municipality.
- v) 7,5% rebate, if there is no refuse removal that is provided by the municipality.

b) The contribution of agriculture to the local economy:

A rebate of 5% will be granted to agricultural property owners contributes to job creation and the salaries / wages are strictly in terms of the minimum standards set by the Department of Labour (i.e. standards set by Government or if in line with sectors average)

c) The following rebates will be granted to the extent to which agriculture assists in meeting service delivery and development obligations of the municipality and contributions to the social and economic welfare of farm workers:

- i) 5% rebates, if the owner is providing permanent residential property to the farm workers and such property is registered in the name of these farm workers, proof must be provided or if the owner is providing housing which qualifies under Labour Legislation.
- ii) 5% rebate if the farmer for the farm workers electrifies such residential property
- iii) 5% rebate, if such residential properties are provide with potable water.
- iv) 5% rebate, if the farmer is availing his land/buildings to be used for either cemetery, education or recreational purposes of the farm workers' and their family and nearby community in general, etc.

A further 5% rebate will apply for the following:

(i) Qualifying requirements are that the owner should be taxed by SARS as a farmer and the last tax assessment must be provided as proof;

or

(ii) where the owner is not taxed as farmer, proof is required that income from farming activities exceeds 40% of the household income;

or

(iii) registered as taxpayer with SARS, registered VAT with SARS, registered for UIF (and or Compensation Commissioner) for farm workers. Registered numbers to be supplied by farmer.

11.2 Categories of owners:

a) Retired and Disabled Persons Rate Rebate

i) Retired and Disabled Persons qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:

- a) occupy the property as his/her normal residence
- b) be at least 60 years of age or in respect of a disability, be receiving a pension from the Department of Welfare and population Development;
- c) be in receipt of a total monthly income from all sources (including income of spouses of owner) not exceeding R5 400;
- d) not be the owner of more than one property;
- e) if the owner of property owns more than one property, he/she qualifies for rebate on one property only, other criteria being met; and
- f) provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.

ii) property owners must apply on a prescribed application form for a rebate as determined by the municipality.

iii) Applications must be accompanied by-

- a) a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
- b) sufficient proof of income of the owner and his/her spouse;
- c) an affidavit from the owner;
- d) if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
- e) if the owner has retired at an earlier stage, for medical reasons, proof thereof must be submitted

iv) These applications must reach the municipality before the end of October preceding the start of the a new municipal financial year for which relief is sought.

v) The municipality retains the right to refuse rebates if the details supplied in the application form were incomplete, incorrect or false.

12. COST TO THE MUNICIPALITY DUE TO EXEMPTION REDUCTIONS, REBATES, EXCLUSIONS, PHASING IN AND BENEFIT THEREOF TO THE LOCAL MUNICIPALITY

Information within the following format shall be submitted to Council on an annual basis to report on the related cost to Council:

(a) Costs associated with exemptions, reductions, rebates, exclusions and phasing in of rates:

(1) Exemptions	R
Municipal properties	_____
Residential properties	_____
Cemeteries and crematoriums	_____
Public Service Infrastructure	_____
Public benefit organizations	_____
(2) Reductions	
Properties affected by disaster	_____
Properties effected by serious adverse	_____
Social or economic conditions	_____
(3) Rebates Enterprises that promote local, social and economic development	
State properties	_____
Residential properties and disabled persons	_____
(4) Phasing in newly rateable property land reform	
Beneficiaries	_____
(5) Exclusions	
Public Service infrastructure	_____
Protected areas	_____
Land reform beneficiary	_____
Residential property	_____
Public places of worship	_____

- (b) The benefit to the community of granting relief measures will be:
- (i) The promotion of local economic development including attracting business investment e.g. small business establishment
 - (ii) creation of employment for municipal residents
 - (iii) promotion of service delivery e.g. farmers
 - (iv) poverty alleviation to the indigents
 - (v) social development and moral development e.g. by religious institutions, sports institutions, schools and other non governmental organizations which promote health and other benefit to the community and
 - (vi) improved local economic growth

13. RATES INCREASES/DECREASES

- (a) The following will be taken into account for purpose of increasing/decreasing account rates:
- Priorities of a municipality reflected in its Integrated Development Plan.
 - Revenue needs of the municipality.
 - Need for management of rates shocks.
 - Affordability of rates to ratepayers.
- (b) The municipality will consider increasing or adjusting rates annually during the budget process in terms of the guidelines issued by National Treasury from time to time.
- (c) Rate increases and/or adjustments will be used to finance the operating costs of community and subsidized services.
- (d) Relating to community and subsidized services the following annual adjustments will be made:
- i) All salary and wage increases as agreed at the South African Local Government Bargaining Council and in terms of the remuneration of Public Office Bearers Act; as amended;
 - ii) An inflation adjustment for general expenditure, repairs and maintenance and contributions to statutory funds; and
 - iii) Additional depreciation costs or interest and redemption on loans associated with the assets created during the previous financial year.
- (e) Affordability of rates to ratepayers.
- (f) All increases and adjustments in property rates will be communicated to the local community in terms of the municipality's policy on community participation.

14. NOTIFICATION OF RATES

(a) The municipality will give notice of all rates approved at the annual budget meeting at least 30 days prior to the date that the rates become effective. Accounts delivered after the 30 days notice will be based on the new rates.

(b) A notice stating the purport of the municipality's resolution and the date on which the new rates become operational will be displayed by the municipality at places installed for that purpose.

15. PAYMENT OF RATES

- 15.1 Ratepayers may choose between paying rates annually in advance with one instalment on or before the 15th of August of each year or in the twelve equal instalments on or before the fifteenth day of the month following on the month in which it becomes payable.
- 15.2 Interest on arrears rates, whether payable on or before the 15th of August or in equal monthly instalments, shall be calculated in accordance with the provisions of the credit control, debt collection and indigent policies of the municipality.
- 15.3 If a property owner who is responsible for the payment of property rates in terms of this policy, fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control, Debt Collection and indigent policy of the Municipality.
- 15.4 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of Section 28 and 29 of the Act.
- 15.5 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 15.6 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

16. ANNUAL REVIEW OF RATES POLICY

The municipality will annually review, and if necessary amend its rates policy taking into account public comments and inputs.

17. THE EFFECTIVE DATES OF THE RATES POLICY

The rates policy takes effect from the start of the municipal financial year 1 July 2008 and thereafter on the 1st of July of every year.

ADDENDUM

LEGAL REQUIREMENTS THAT ALL MUNICIPALITEIS MUST COMPLY WITH IN TERMS OF THE MUNICIPAL PROPERTY RATES ACT, 2004 (ACT NO 6 OF 2004) WITH REGARD TO RATES POLICY DEVELOPMENT

This addendum does not contain all provisions of the Act that must be complied with the development of rates policy, but list just a few key provisions that the municipality deems it necessary for residents / ratepayers to be aware so that they get full picture of rating issues that will affect them.

(1) IMPERMISSIBLE RATE

A Municipality may not levy a rate on the following in terms of Section 17(1) of the Act:

- On the first R15 000,00 of the market value of public service infrastructure any part of the seashore in terms of Section 17(1)(b) of the Act.
- Any part of the seashore in terms of Section 17(1)(b) of the Act.
- Any part of the territorial waters of the Republic in terms of Section 17(1)(c) of the Act.
- Any island which the state is the owner in terms of Section 17(1)(d) of the Act.
- Protected areas in terms of Section 17(1)(e) of the Act.
- Mineral rights in terms of Section 17(1)(f) of the Act.
- Properties belonging to land reform beneficiaries in terms of Section 17(1)(g) of the Act.
- On the first R15 000,00 of the market value of residential in terms of Section 17(1)(h) of the Act.
- Religious Institutions in terms of Section 17(1)(i) of the Act.

(2) COMPULSORY PHASING IN OF CERTAIN RATES

Rates levied on a newly rateable property must be phased in over a period of three to four years depending on the ownership and use of such a property in terms of Section 21 of the Act. Agricultural land will be recognized as newly rateable property and phased in over a period of 3 years as provided for in the above-mentioned Act.

First year 75% of the relevant rate

Second year 50% of the relevant rate

Third year 25% of the relevant rate

(3) PRESCRIBED RATIOS

The municipality will comply with the ratios set by the Minister of Provincial and Local Government in concurrent with the Minister of Finance in terms of Section 19 of the Act.

(4) LIMITS ON ANNUAL INCREASES OF RATES

The municipality will comply with the notice issued by the Minister of Provincial and Local Government in concurrence with the Minister of Finance regarding the set upper limit on the percentage by which rates on properties or a rate on a specific property may be increased in terms of Section 20 of the Act.

8. PETTY CASH POLICY

1. PREAMBLE

This policy is issued under the authority of SCM Regulation 15 issued in terms of MFMA. It complements the SCM Policy and establishes a control framework for petty cash as an acquisition and payment instrument.

A petty cash float is used to facilitate and accelerate the processing of low value transactions with minor official expenditures. Minor expenditures are defined as less than R150 unless authorised by the CFO. Due to inherent costs and time required to process financial transactions, it becomes practical, economical and recommended to use petty cash to process low value payments where the transaction cost (e.g. electronic transfer or cheque costs) is high.

2. DEFINITIONS

A petty cash float is an authorised cash advance issued to an official the Modimolle Local Municipality who will be responsible for the security of the fund and the control of disbursements made from the fund.

3. SCOPE OF APPLICATION

This policy is applicable to all employees and Councillors of Modimolle Local Municipality.

4. POLICY OBJECTIVE

To ensure the cost-effective and efficient use of petty cash funds while maintaining the required level of control.

5. POLICY STATEMENT

- 5.1 It is Modimolle Local Municipality policy to use petty cash funds for making small miscellaneous payments herein called minor expenditure when immediate settlement is required or when this method of payment is more cost-effective.
- 5.2 A petty cash float shall not exceed R2,000 and no single expenditure from that fund shall exceed R150 per transaction without the prior approval of the CFO. The expenditure shall not be deliberately split to avoid the said limit.
- 5.3 The total amount of petty cash, in the form vouchers or cash, shall be counted (physical verification) in full at year end before closure of Revenue for the financial year and there should always be an amount equal to R 2,000. This is in line with the accrual basis of accounting.

6. PROHIBITED PETTY CASH PAYMENTS

- 6.1 Petty cash advances must not be used to provide change, to give salary advances to employees or to cash cheques.
- 6.2 No personal use or check cashing from these funds is allowed. It shall be deemed an offense to use Petty Cash for private matters even if the intention is to repay.

- 6.3 Petty cash shall not pay for installment invoices such as rental or equipment or open orders even if the amount falls within the limit specified.
- 6.4 Petty cash shall not be used for:
- Energy drinks (e.g. Red Bull)
 - Car wash
 - Catering (except snacks, e.g. cookies)
 - Personal gifts (e.g. cakes and flowers for birthdays)
 - Petrol charges
 - Toll gate slips
 - Travel or any other claims
 - Assets
- 6.5 Deviation from the accepted accounting practices in the use of Petty Cash shall constitute a serious offense under the Disciplinary Code.
- 6.6 Petty Cash float or advances shall be for immediate withdrawal from the individual's salary if not accounted for within 10 working days.
- 7. AUTHORITY AND REPORTING**
- 7.1 The CFO or the delegated person must ensure the control and safekeeping of petty cash funds (including suitable locks, keys or combinations in accordance with the suitable cash handling regulations and policies.
- 7.2 Excesses, shortages, losses and thefts must be reported and recorded promptly to the CFO.
- 7.3 Reporting on the utilisation of the petty cash shall be reported to the CFO on a monthly basis.
- 7.4 The custodian of a petty cash fund shall give a reconciliation to the CFO within 5 working days of the end of each month in which expenditures are incurred by showing that the cash on hand plus receipts, less paid vouchers equals the amount of the advance.
- 8. MONITORING**
- 8.1 The Municipal Manager may conduct internal audits to evaluate compliance with this policy.
- 8.2 Periodic unannounced verifications of the petty cash advances should be made by internal audit to determine whether the funds are being used properly and to ensure that they are adequately protected against loss or misuse and are properly accounted for.
- 8.3 The Municipal Manager will monitor the effectiveness of this policy by reviewing internal audit reports.
- 9. ACCOUNTING AND CONTROL**
- 9.1 Petty cash must be used when it is more cost-effective than other payment methods such as electronic transfer or cheques within the ambit of this policy.

- 9.2 Before establishing or increasing petty cash funds, the Divisional Manager: Expenditure must ensure that the security and safekeeping arrangements are commensurate with the risk of theft and the size of the petty cash fund.
- 9.3 There must be only one official, with one backup, delegated by the CFO responsible for a petty cash fund at any given time. Only these two persons should be allowed access to the cash in this fund. When the official is being changed, an acknowledgement must be obtained.
- 9.4 When disbursements are not made frequently, the custodian should check the petty cash fund at least once a week to ascertain that no theft has taken place.
- 9.5 If a shortage is discovered, it must be reported promptly to the CFO who, after reviewing the circumstances of the case, shall take whatever corrective or recovery action is necessary.
- 9.6 The custodian is required to reimburse losses and shortages unless the prescribed procedures were followed and the petty cash was properly secured; there is physical evidence of breaking-in and no act or omission on the part of the custodian contributed to the loss, as stipulated by the policy.

10. **SAFEKEEPING AND ADVANCING OF THE PETTY CASH**

- 10.1 The petty cash fund should be kept separately from other funds and to be safeguarded in a lockable cash box which should be kept locked not only after hours but also during normal business hours in a safe or a filing cabinet approved by the CFO. Keys and combinations should be kept in a secure place by the custodian.
- 10.2 All purchase requirements utilising petty cash shall be approved by the relevant Senior Manager prior to issuing.
- 10.3 An official to whom a petty cash advance is issued is personally responsible and any loss or shortage in respect of that advance may be recovered from that individual.
- 10.4 A Petty Cash voucher will be required indicating the amount requested and the reason for the purchase and items to be purchased.
- 10.5 All expenditures must have a properly filled out petty cash voucher with original invoices or receipts attached. If it is not possible to get these supporting documents, clearly explain this on the voucher. Once paid, these supporting documents must be stamped "paid" to prevent re-use. No payment will be made for lost receipts or invoices.
- 10.6 Claims must be made within two weeks of the actual expenditure being incurred. Failure to claim within this period will result in the expenditure being forfeited.
- 10.7 Repayment of all or part of a petty cash advance that has to be reimbursed must be made in full by the custodian in a single payment.
- 10.8 When the official delegated by the CFO issues a petty cash advance, he or she may at any time, by written notice to the official to whom the advance has been made, require an accounting and repayment of any unexpended balance. The custodian shall, not later than 2 days after receiving such notice, provide an accounting and repay the advance.

10.9 Petty cash will be issued Mondays to Fridays between the hours of 8h00 to 15h00 and reconciliation of petty cash will take place every Friday afternoon.

10.10 Replenishment of the petty cash fund can be done by the delegated official when the fund balance reaches the minimum of R 400.

11. REFERENCES

This policy is issued under the authority of section 15 of SCM Regulations and should be read in conjunction with the Supply Chain Management Policy.

12. IMPLEMENTATION

This policy must be implemented by all employees and councillors of Modimolle Local Municipality, but managers and supervisors should ensure that this policy is implemented effectively.

Any employee who breaches this policy shall be liable for disciplinary measures. prescribed procedures were followed and the petty cash was properly secured; there is physical evidence of breaking-in and no act or omission on the part of the custodian contributed to the loss, as stipulated by the policy.